United Distributors Pakistan Limited
Annual Report 2000

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Rashid Abdulla	Chief Executive
	Mr. Arshad Abdulla	
	Mr. Khalid Malik	
	Mr. Tariq Ismail	
	Mr. Muhammed Rafi Bhatti	
	Mr. Haroon Rashid Ghouri	
	Mr. Anis Wahab Zuberi	N.I.T. Nominee
COMPANY SECRETARY	Mr. Muhammed Rafi Bhatti	
AUDITORS	Sidat Hyder Qamar & Co.	
BANKERS	Habib Bank Limited Prudential Commercial Bank Limited ABN Amro Bank	
REGISTERED OFFICE	9th Floor, N.I.C. Building, Abbasi Shaheed Road, Karachi.	
REGISTRAR	Gangees Investment & Finance Consultants, Room No. 513, 5th Floor, Clifton Centre, Kehkashan, Block-5, Clifton, Karachi-75600.	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 18th Annual General Meeting of UNITED DISTRIBUTORS PAKISTAN LIMITED will be held at Hotel Regent Plaza, Shara-e-Faisal, Karachi on Saturday June 30, 2001 at 11.00 a.m. to transact the following business:

1. To confirm the minutes of the last Extra Ordinary General Meeting held on December 30, 2000.

2. To receive, consider and approve the 2udited accounts or the Company for the year ended June 30, 2000, 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. The Company has received a notice from a member under section 253(1) of the Companies Ordinance, 1984 proposing M/s. Hussain Rahman, Chartered Accountants for appointment as auditors of the Company.

5. To fix the remuneration of the full time working Directors.

6. Any other matter with the permission of chair.

By Order of the Board

Muhammed Rafi Bhatti
Company Secretary

Karachi: May 31,2001

NOTES:

1. The share transfer books of the Company will remain closed from June 28,2001 to July

05, 2001 (both days inclusive). Transfers (if any) should be received at the office of our Registrar M/s. GANGJEES INVESTMENT & FINANCE CONSULTANTS, Room No.513, CLIFTON CENTRE, KEHKASHAN, BLOCK 5, CLIFTON, KARACHI-75600, latest by the close of business on Wednesday, June 27, 2001.

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.

3. Proxies in order to be effective must be received by the Company's Registrar not less than 48 hours before the meeting.

4. Shareholders are requested to submit declaration for Zakat on the required formal and intimate any changes in address immediately to our Registrar, M/s. GANGJEES INVESTMENT & FINANCE CONSULTANTS, ROOM No.513, CLIFTON CENTRE, KEHKASHAN, BLOCK 5, CLIFTON, KARACHI-75600.

CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular I dated January 26, 2000 issued by Securities and Exchange Commission of Pakistan:

a) For Attending AGM
In case of individuals, the account holder and sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations shall authenticate his/her identity by showing his original National Identity Card (NIC) at the time of attending the meeting.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

b) For Appointing Proxy
* In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

* Attested copies of (NIC) of the beneficial owners and the proxy shall be furnished with the proxy form.

* The proxy shall produce his original (NIC) at the time of the meeting.

DIRECTORS REPORT TO THE SHAREHOLDERS

COMPANYS' VIEW
Before going ahead with this transaction, the Directors of your Company took the opinion from its auditors, M/s. Sidat Hyder Qamar & Co., Chartered Accountants, wherein it was advised to the Company about the legal matters and possible method of ascertaining the purchase price of shares. The directors believe that the advice has been followed in letter and spirit for the equity investment hence due compliance was made with regard to the transactions legality and professional views.

The management acted in the light of expert opinion given by the auditors, with due care and diligence within the legal and professional frame work and with the precision in factors forecasting with the objectives of improving and cementing trade & business relationship with the multinational organizations and global leaders in the agro pesticides and chemical business to improve the profitability of the Company.

* In the light of opinion given by the auditors, it was ensured that the parties to the transaction are not related to each other.

* In determination of share price at Rs. 49/- and quantification of share premium at Rs. 39/- per share the management fully considered the guidelines proposed by the auditors in their opinion.

* The management of UDPL ensured that fair market value of D.E. United shares was at Rs. 49/- per share and a premium of Rs. 39/- per share was negotiated after careful review of the followings factors:-

* Fair market monetary value of the shares was made in accordance with the current methods of Company valuation.
* Future projection plans of joint venture were considered.
* Profitability of the Company i.e. in accounting year ended 30-06-1999 was considered.
* Break-up value if the shares as on 30-06-1999 was considered.
* General reputation of DAS.
* Major discovery of product likely to enhance the Companys' future sale was also taken into account.
* Government efforts to increase crop protection were also considered in the light of new avenues for future growth and expansion.
* Partners, i.e. DAS and UDPL confidence in BDAS/DEU were reviewed.

* The management believes that purchase price of shares at Rs. 49/- per share determined and share premium quantified at Rs. 39/- per share was an arms length and bonafide transaction and it is

accordingly recorded in the books of accounts and disclosed in the financial statements as at June 30, 2000 in conformity with the provisions of the Companies Ordinance, 1984 and the related accounting standards.

* The management has concluded that the Auditors have provided the company with an opinion on December 29,1998 with reference to the specific transaction in the light of legal provisions and the management relying on the same acted upon it. A professional firm of accountants therefore should be consistent in forming an opinion on a matter both in the capacity of an advisor and an auditor. The opinion expressed on the 2000 financial statements is not consistent and is based on a complete misunderstanding of the facts of the matters.

* An EGM was held on 30-12-2000 in which the directors of your Company also had the opportunity to explain the above investments and the short-term objectives of the disposal of the investments. This is also referred in note 11.1. Therefore, directors are confident that both the purchase and sale transactions have been made with due consensus and in the best interest of the Company and its shareholders.

* In recommending dividend for the year 2000, Directors opined that since company earned a profit and earning per share was Rs. 1.67/- as disclosed in the Profit and Loss account, the shareholder should be benefited. The view expressed by the auditors in para(b) of their report was not relevant since loss was temporary and provisions was not necessary in view of the safeguard available to the Company as disclosed in Note 11.1 and benefits stated hereunder.

* The matter of compliance of Section 208 of the Companies Ordinance, 1984 has been explained in note 11.1.

BENEFITS OF UDPL, DOW & BAYER JOINT VENTURE

The management of your Company made the decision to acquire shares of D.E. United (Pvt.) Limited and subsequently enter into restructured transaction based on a business decision to the benefit of the shareholders of the Company. Apart from the monetary gain, the Company also benefited substantially as elaborated below by acquiring rights to distribute the products and significantly increases its profitability.

* The goodwill of both Bayer AG and Dow AgroSciences is globally accepted and recognized coupled with on going research and development of these Companies in new products and measure for pest controls has great potentials for revenue.

* The joint venture of UDPL with these two recognized multinationals in the name & style of BAYER, DOW and UDPL will not only result in long term benefit to the shareholders of each of the joint venture partners but will also shape new dimensions in the agricultural pest management in Pakistan.

* Currently, all the major pesticide, being market in Pakistan are imported from abroad, by forming a joint venture representing two (2) of the world leading multinational pesticide manufactures and UDPL a leading pesticide marketing company in Pakistan will result, that in most modest term, may called the beneficial bond for the shareholders of UDPL being the joint venture partners of BAYER and DOW AGROSCIENCES (BDAS).

Other short term future benefits of this joint venture arrangement, may be classified as under:-

a) Equity Benefits
b) Revenue Benefits
c) Administrative Benefits

The Directors take pleasure in submitting their report and audited accounts of the Company for the year ending June 30, 2000.

FINANCIAL RESULTS	***2000***	***1999***
The net profit of the Company for the year before taxation	14,847,295	16,664,958
Provision for taxation - current year	3,800,000	3,000,000
	------------------	------------------
Profit after taxation	11,047,295	12,544,958
Un-appropriated Profit brought forward	3,504,539	12,959,581
	------------------	------------------
Profit available for appropriation	24,551,834	25,504,539
Less :Appropriations:		
Dividend @ 10% (1999: @ 10%)	6,600,000	6,600,000
Transfer to Reserve for		
Issue of Bonus Shares	--	6,600,000
	------------------	------------------
	6,600,000	12,000,000
	------------------	------------------
Rupees	17,951,834	13,504,539
	==========	==========
Earning per share	1.67	1.90
	==========	==========

REVIEW OF OPERATIONS

In the year ending June 30, 2000 the Company's turnover was Rs. 59.64 million as compared to the previous Rs. 126.52 million for the ending June 30, 1999.

The reasons for decline in sales are as follows:

a) During the current cotton season the overall pest pressure was comparatively low which resulted in lower sales of pesticides.

b) Nichimen's products, which are being marketed by us, were discontinued during the year.

c) Decrease in the overall sales of pesticides also resulted decline in distribution fee for the products handled by the company for our joint venture partners.

INVESTMENT IN JOINT VENTURE

The long-term investment in equity shares of the D.E. United (Private) Limited and its disposal in the subsequent period has been subject to the considered decisions by management. These decisions were objectively evaluated in a potential business perspective and as a going concern. During the course of audit, management has had a series of meetings and discussions with the auditors in which auditors were appraised about the salient features of management decisions. Further, all relevant documentation and representations were also provided. However, auditor maintained their apprehensions and did not take a note of foreseeable business opportunities available for both to the investee and your Company.

AUDITORS' VIEW

The auditors in their report stated that:-

1. As stated in note 11.1 to the financial statements, during the year, the Company, under an agreement, purchased from a related party 1,846,647 Ordinary Shares of the face value of Rs. 10/- each of Bayer DAS (Private) Limited (formerly D.E. United (Pvt.) Ltd.) at a price of Rs. 49/- per share aggregating Rs. 90,485,703/-. The said related party was stated to be the seller at the time of acquisition, although, these shares were held by another related party at that time on the records of the investee company.

The aforesaid acquisition cost of Rs. 49/- per share, in our opinion, was considerable high and did not represent a fair value of such shares when viewed in the context of Rs. 20.83 per share being the break-up value thereof based on the audited financial statements of the investee company for the year ended 30th June 1999 and the financial projections on which reliance is stated to have been placed by the Company at the time of acquisition.

Subsequent to the balance sheet date, the Company has sold the entire aforesaid shares to a third party at a mutually agreed consideration of Rs. 2.94/- per share, thus resulting in a loss of Rs. 85,056,560/-, for which no provision has been made in these accounts. The need for a provision of Rs. 85,056,560/-, for the loss is evidenced by the fact that the break-up value of such shares as at the balance sheet date i.e. 30th June 2000.

The fact and the manner in which the said shares were acquired from a related party at a price considerably higher than its fair value coupled with the peculiar terms and conditions governing the transactions as stated in note 11.1 to the financial statements leads us to believe that the acquisition was neither at arm's length nor bonafide.

In the meeting of the Board of Directors of the Company held on 31 May 2001, a cash dividend of Rs. 1/- per Ordinary share of Rs. 10/- each has been recommended to be declared. In view of our qualification on the financial statements as stated above, had the provision of Rs. 85,056,560/- been made, the accumulated reserve before appropriation as of the balance sheet date would have converted into accumulated loss of Rs. 40,504,726/-. Consequently, in the absence of profit available for distribution, the dividend as proposed, in our opinion is, in terms of the provisions of the Companies Ordinance, 1984, out of capital and hence ultra vires the provisions of the said Ordinance.

2. We draw attention to the fact that Section 208 of the Companies Ordinance, 1984 (the Ordinance) restricts a Company from making investment in associated companies exceeding thirty percent of its paid-up share capital plus free reserves at any point of time. The paid-up share capital and reserves of the Company as at 30th June 2000 before the impact of the matter as referred to in paragraph (a) above were Rs. 66 million and Rs. 37.952 million respectively, aggregating Rs. 103.952 million, against which, the investment made by the Company in associated companies is to the extent of 112.7% thereof as at that date.

a) Equity Benefits

Dow AgroSciences will cover UDPL's obligation for the immediate capital injection, which is expected between 1.2 Million USD to 1.5 Million USD.

UDPL will at a later stage, when legally possible, purchase 50% of Dow AgroSciences share for 100,000 USD. If the value of the D.E. United is growing with x% the selling price from Dow AgroSciences will increase proportionately based on the date of each fresh capital injection.

Currently, there is a negative equity in D.E. United amounting to approx. 1 Million USD as at June 30, 2000. As a part of the proposed partnership, Dow AgroSciences shall inject for the time being sufficient amount (equivalent to 1 Million USD) to wash out the negative equity. This injection of equity on behalf of UDPL shall be made free of any charge, interest or markup.

DAS has already invested in BDAS, US$ 700,000 equivalent to Pak. Rs. 37,570,000/- on December 30, 2000.

UDPL will get 25% of DAS shareholdings in BDAS on January 1, 2003 equivalent to 2,801,825 shares as against 1,846,650 shares temporarily sold to BAYER.

	UDPL	*DAS*	*BAYER*	*TOTAL*
Shareholding on 29-12-2000	1,846,650	1,846,650	--	3,693,300
Shareholding on 30-12-2000	--	3,757,000	--	3,757,000
Shareholding on 16-03-2001	(1,846,650)	--	1,846,650	--
Shareholding on 17-03-2001	--	--	3,757,000	3,757,000
TOTAL SHAREHOLDING BDA	**--**	**5,603,650**	**5,603,650**	**11,207,300**
Shareholding on 01-01-2003	2,801,825	(2,801,825)	--	--
NEW SHAREHOLDING IN BDA	**2,801,825**	**2,801,825**	**5,603,650**	**11,207,300**

b) Revenue Benefits
UDPL being the sole distributor of BDAS for Pakistan gets a distribution fee for the services provided to BDAS. By induction of Bayer AG in D.E. United, the span of distribution services provided by UDPL will become almost double and there will be a substantial increase in the revenues of UDPL, mainly in the area of Distribution fee for production handling which is expected to increase by 150% as a consequence of this partnership.

Besides this, the additional equity injection, without any interest, markup or charge as stated in equity benefits above, shall result in saving of financial charges to a minimum of an amount equivalent to 50% of the distribution fee for product handling of UDPL for the year ending June 30, 2000.

In the year ending June 30, 1999, the pre tax profit of DEU showed a decline only because of the financial charges on borrowed capital for future expansion. This availability of equity without financial charges will enable DEU to recoup its past losses and thereby strengthening its financial base, which will ultimately benefits the joint venture partners and their respective shareholders.

c) ADMINISTRATIVE BENEFITS
As a part of the new arrangement, all the joint venture partners agree that UDPL shall take an active role as a future potential partner guiding the Company mainly with regards to:

* Development of strategies
* Selection of appropriate key managers
* Preparation of annual budgets

This sharing of knowledge & expertise in the areas stated above with two of the leading multinationals, will provide a new window to the UDPL to acquire their knowledge, expertise and strategies and to apply them locally for the benefit of its shareholders.

Additionally, UDPL being one of the leading distribution marketing company in Pakistan, will also benefit the partnership by sharing its knowledge and proposed strategies for marketing in the local environment, thereby becoming an equal contributor in the efforts expanded by the joint venture partners for earning the revenues.

FUTURE OUTLOOK
We have now restructured the Company and are hopeful of regaining our position with the marketing of our own brands and also by expanding our physical distribution services provided to our joint venture partners. The span of distribution services provided by your Company will increase substantially mainly in the area of distribution fee for product handling as a consequence of new partnership agreements with our joint venture partners.

Your Company has been approached by a leading International Company, for distributing/marketing their range of products which mainly include Fungicides, Miticides and Insecticides.

Your Company is in the process of finding new seed business who have a long-term vision of staying in the Pakistan market. This would help to regenerate the seeds business and thereby increase our sales volumes and profitability.

HOLDING OF SHARES
The pattern of holding of shares is shown on page 34.

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.

RASHID ABDULLA
Karachi: May 31, 2001 **CHIEF EXECUTIVE**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **UNITED DISTRIBUTORS PAKISTAN LIMITED** as at 30 June 2000 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) As stated in note 11.1 to the financial statements, during the year, the Company, under an agreement purchased from a related party 1,846,647 Ordinary shares of the face value of Rs. 10/- each of Bayer DAS (Private) Limited [Formerly D.E. United (Private) Limited] at a price of Rs. 49/- per share aggregating Rs.90,485,703/-.The said related party was stated to be the seller at the time of acquisition, although, these shares were held by another related party at that time on the records of the investee company.

The aforesaid acquisition cost of Rs. 49/- per share, in our opinion, was considerably high and did not represent a fair value of such shares when viewed in the context of Rs. 20.83 per share being the break-up value thereof based on the audited financial statements of the investee company for the year ended 30 June 1999 and the financial projections on which reliance is stated to have been placed by the Company at the time of acquisition.

Subsequent to the balance sheet date, the Company has sold the entire aforesaid shares to a third party at a mutually agreed consideration of Rs. 2.94/- per share, thus resulting in a loss of Rs. 85,056,560/-, for which no provision has been made in these accounts. The need for a provision of Rs. 85,056,560/- for the loss is evidenced by the fact that the break-up value of such shares as at the balance sheet date i.e. 30 June 2000 was negative.

The fact and the manner in which the said shares were acquired from a related party at a price considerably higher than its fair value coupled with the peculiar terms and conditions governing the transactions as stated in note 11.1 to the financial statements leads us to believe that the acquisition was neither at arm's length nor bonafide.

(b) In the meeting of the Board of Directors of the Company held on 31 May 2001, a cash dividend of Re. 1/- per Ordinary share of Rs. 10/- each has been recommended to be declared. In view of our qualification on the financial statements as stated in paragraph (a) above, had the provision of Rs.85,056,560/- been made, the accumulated reserves before appropriation as of the balance sheet date would have converted into accumulated loss of Rs. 40,504,726/-. Consequently, in the absence of profit available for distribution, the dividend as proposed, in our opinion is, in terms of the provisions of the Companies Ordinance, 1984, out of capital and hence ultra vires the provisions of the said Ordinance.

(c) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(d) 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 except for the matter stated in paragraph (a) above and the fact that the Company has made advances to its associated undertakings as referred to in note 16.3 to the financial statements, contrary to provisions of the Companies Ordinance, 1984;

(e) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and, in view of the matters stated in paragraphs (a) and (b) above, respectively do not give a true and fair view of the state of the Company's affairs as at 30 June

2000 and of the profit, its cash flows and changes in equity for the year then ended; and

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

We draw attention to the fact that Section 208 of the Companies Ordinance, 1984 (the Ordinance) restricts a company from making investment in associated companies exceeding thirty percent of its paid-up share capital plus free reserves at any point of time. The paid-up share capital and reserves of the Company as at 30 June 2000 before the impact of the matter as referred to in paragraph (a) above were Rs. 66 million and Rs. 37.952 million respectively, aggregating Rs. 103.952 million, against which, the investment made by the Company in associated companies is to the extent of 112.7% thereof as at that date.

SIDAT HYDER QAMAR & CO
Karachi: May 31, 2001 **Chartered Accountants**

BALANCE SHEET AS AT 30 JUNE 2000

	NOTE	***2000***	***1999***
Capital and Reserves			
Authorised			
10,000,000 (1999: 10,000,000) Ordinary shares of Rs. 10/- each		100,000,000	100,000,000
		==========	==========
Issued, subscribed and paid-up	3	66,000,000	60,000,000
Reserve for issue of bonus shares		--	6,000,000
General reserve		20,000,000	20,000,000
Accumulated profit		17,951,834	13,504,539
		103,951,834	99,504,539
Deferred liability	4	2,561,000	2,561,000
Liabilities against assets subject to finance lease	5	--	2,833,650
Current Liabilities			
Current portion of liabilities against assets subject to finance lease		74,669	3,039,240
Short-term loans and running finance		25,085,478	166,684,691
Creditors, accrued and other liabilities		53,357,371	119,127,755
Proposed dividend		6,600,000	6,000,000
		85,117,518	294,851,686
Contingencies and commitments	8	--	--
	Rupees	191,630,352	399,750,875
		==========	==========
Fixed Assets - Tangible			
Operating fixed assets - at book value	9	2,004,524	2,067,126
Assets subject to finance lease	10	110,800	2,923,285
		2,115,324	4,990,411
Long-term investments - at cost	11	117,157,030	22,515,930
Long-term loans	12	167,282	438,157
Long-term deposits	13	--	1,005,400
Current Assets			
Stock-in-trade	14	16,621,342	51,715,019
Trade debts	15	611,342	3,460,584
Advances, deposits, prepayments and other receivables	16	52,998,882	62,961,165
Short term investments	17	--	232,206,663
Cash and bank balances	18	1,959,150	20,457,546
		72,190,716	370,800,977
	Rupees	191,630,352	399,750,875
		==========	==========

Auditors' Report Annexed
These financial statements should be read with the annexed notes.

RASHID ABDULLA
CHIEF EXECUTIVE

KHALID MALIK
DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2000

	NOTE	2000	1999
Sales - net	19	59,648,784	126,525,180
Cost of goods sold	20	50,000,844	107,022,785
Gross profit		9,647,940	19,502,395
Distribution fee for handling of products recovered from Associated companies / related parties		24,167,834	28,961,089
		33,815,774	48,463,484
General and administration expenses	21	5,267,297	11,995,097
Selling and distribution expenses	22	30,351,160	40,894,760
		35,618,457	52,889,857
Operating loss		(1,802,683)	(4,426,373)
Financial charges	23	(437,811)	(25,644,927)
Other income / (charges)	24	17,087,789	46,716,258
		16,649,978	21,071,331
Profit before taxation		14,847,295	16,644,958
Provision for taxation - current	25	(3,800,000)	(4,100,000)
Profit after taxation		11,047,295	12,544,958
Accumulated profit brought forward		13,504,539	12,959,581
Accumulated profit available for appropriation		24,551,834	25,504,539
Appropriations:			
Proposed final dividend @ Re. 1/-(1999 · Re. 1/-) per share		6,600,000	6,000,000
Transfer to reserves for issue of bonus share		--	6,000,000
		6,600,000	12,000,000
Accumulated profit carried forward	Rupees	17,951,834	13,504,539
Earning per share - Basic and diluted	29	1.67	1.90

These financial statements should be read with the annexed notes.

RASHID ABDULLA
CHIEF EXECUTIVE

KHALID MALIK
DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2000

	NOTE	2000	1999
CASH FLOW FROM OPERATING ACTIVITIES			
Profit after taxation		11,047,295	12,544,958
Adjustment to reconcile profit to net cash provided by operating activities			
Depreciation		1,857,767	3,974,460
Provision for diminution in value of leased assets		--	3,500,000
Profit on deposit account		(5,083,620)	(41,601,352)
Financial charges		437,811	30,866,894
Bad debts		--	395,439
Gain on sale of fixed assets		(6,211,050)	(539,554)
Reversal of provision for diminution in the value of investments		(3,878,250)	--
		(12,877,342)	(3,404,113)
Cash (used in)/generated from operating activities before working capital changes		(1,830,047)	9,140,845
Working capital changes	30	(181,744,872)	(7,808,476)
Net cash (used in)/generated from operating activities			

before financial charges and income tax		(183,574,919)	1,332,369
Financial charges paid		(19,258,817)	(25,331,178)
Income tax paid		(3,096,947)	(3,412,550)
		------------------	------------------
Net cash used in operating activities		(205,930,683)	(27,411,359)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,193,630)	(463,159)
Increase in long-term loans and deposits		1,276,275	289,123
Increase in long term investments		(90,762,850)	--
Decrease in short term investments		232,206,663	17,184,663
Profit received on deposit accounts		49,282,050	32,960,238
Proceeds from sale of fixed assets		8,422,000	740,000
		------------------	------------------
Net cash generated from investing activities		199,230,508	50,710,865
CASH FLOW FROM FINANCING ACTIVITIES			
Payments for assets subject to finance lease		(5,798,221)	(3,817,976)
Dividend paid		(6,000,000)	--
		------------------	------------------
Net cash used in financing activities		(11,798,221)	(3,817,976)
		------------------	------------------
Net (decrease) / increase in cash and cash equivalents		(18,498,396)	19,481,530
Cash and cash equivalents at the beginning of the year		20,457,546	976,016
		------------------	------------------
Cash and cash equivalents at the end of the year	Rupees	1,959,150	20,457,546
		==========	==========

RASHID ABDULLA
CHIEF EXECUTIVE

KHALID MALIK
DIRECTOR

STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2000

	Shares Capital	*Reserve for Issue of bonus shares*	*General Reserve*	*Accumulated Profit*	*Total*
			Rupees		
Balance as at 30 June 1998	60,000,000	--	20,000,000	12,959,581	92,959,581
Profit for the year	--	--	--	12,544,958	12,544,958
Dividend	--	--	--	(6,000,000)	(6,000,000)
Issue of bonus shares	--	6,000,000	--	(6,000,000)	---
	------------------	------------------	------------------	------------------	------------------
Balance as at 30 June 1999	60,000,000	6,000,000	20,000,000	13,504,539	99,504,539
Issue of bonus shares	6,000,000	(6,000,000)	--	--	--
Profit for the year	--	--	--	11,047,295	11,047,295
Dividend	--	--	--	(6,600,000)	(6,600,000)
	------------------	------------------	------------------	------------------	------------------
Balance as at 30 June 2000	66,000,000	--	20,000,000	17,951,834	103,951,834
	==========	==========	==========	==========	==========

RASHID ABDULLA
CHIEF EXECUTIVE

KHALID MALIK
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

1. NATURE OF BUSINESS
The Company was incorporated in Pakistan as a public company limited by shares and is listed on Karachi Stock Exchange. Its main business activities are trading and distribution of pesticides, computer and solar 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 the requirements of the Companies Ordinance, 1984 and International Accounting Standards as applicable in Pakistan.

2.3 Staff retirement benefits

2.3.1 Defined contributory provident fund
The Company operates an approved defined contributory provident fund scheme for all eligible employees who have completed the minimum qualifying period of service. In case of executive staff, equal contributions are made by the Company and executive staff. However, in case of other employees, contributions are made only by the employees.

2.3.2 Defined benefit gratuity scheme
In addition to a recognised provident fund, the Company operates an unapproved and unfunded defined benefit gratuity scheme covering all employees who have completed the minimum qualifying period of service of fifteen years as of the balance sheet date. Provision is made in the accounts to cover obligation under the scheme in respect of those employees who have completed the minimum qualifying period.

2.4 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. The Company accounts for deferred taxation arising on major timing differences, if any, using the liability method.

2.5 Fixed assets and depreciation

2.5.1 Operating fixed assets
Operating 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 assets deleted during the year.

Maintenance and normal repairs are charged-off as they are incurred. Major renewals and improvements are capitalized.

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

2.5.2. Assets subject to finance lease
The Company accounts for fixed assets acquired under finance lease by recording the asset and the corresponding liability. These amounts are based on discounting value of minimum lease payments. Financial charges are allocated to the income in the period in a manner so as to provide a constant rate on outstanding liability. Depreciation is charged to income applying straight-line method at rates applicable to owned assets.

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.

Stock-in-transit is valued at cost accumulated to the balance sheet date.

NRV signifies the estimated selling price in the ordinary course of business less cost of completion and costs necessarily to be incurred to make the sale.

Provision is made for the slow moving and obsolete inventory based on management's judgement.

2.8 Trade debts
Known bad debts, if any, are written off and provision is made against debts considered doubtful. Provision for doubtful debts is based on management's assessment of customer's outstanding and creditworthiness.

2.9 Cash and cash equivalents
For the purpose of cash flow statement, cash and cash equivalent comprises of current and deposit account with the commercial banks and cash in transit.

2.10 Foreign currencies
Transactions in foreign currencies are accounted for in rupees at the rates prevailing on the date of transaction. Monetary 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 recognized in income currently.

2.11 Provisions
Provisions are recognised, when the Company has a present legal or constructive obligation as a result of past events, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

2.12 Financial Instruments

Financial Assets

Financial assets are long term investments, long term loans, long term deposits, trade debts, advances, deposits and other receivables, short term investments and cash and bank balances.

Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are finance lease obligations, long term deposits, interest/mark-up bearing loans/finances, creditors, accrued and other liabilities. Interest/mark-up bearing loans/finances are recorded at the gross proceeds received. Finance lease obligations are recorded as described in note 2.5.2 above. Other liabilities are stated at their nominal value. Finance charges are accounted for on an accrual basis.

Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

Any resulting gain/loss, if any, on the recognition and derecognition of the financial assets and liabilities is recognized in the net profit and loss for the period in which it arises.

2.13 Revenue recognition

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

Profit on short term investments are recognised on accrual basis.

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

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

			NOTE	*2000*	*1999*
3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL					
Fully paid Ordinary shares of Rs. 10/- each					
Number of shares					
2000	*1999*				
5,000,000	5,000,000	Issued for cash		50,000,000	50,000,000
1,600,000	1,000,000	Issued as bonus shares		16,000,000	10,000,000
------------------	------------------			------------------	------------------
6,600,000	6,000,000		Rupees	66,000,000	60,000,000
==========	==========			==========	==========
				2,561,000	2,561,000
				==========	==========

4. DEFERRED LIABILITIES

As a result of restructuring of shod-term loan, under Restructuring Agreement dated 28 June 1999 entered into with a commercial bank by the Company and an associated company, the bank has deferred the payment of the above amount uptil year 2005 upon a condition that the Company and its associated-company will perform their respective obligations under the said agreement.

5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Balance as on 1 July		5,872,890	9,690,866
Less: Payments/adjustment made	5.1	5,798,221	3,817,976
		------------------	------------------
	5.3	74,669	5,872,890
Less: Current portion of liability		74,669	3,039,240
		------------------	------------------
	Rupees	--	2,833,650
		==========	==========

5.1 The amount includes adjustments of Rs. 3,895,821/- (1999: Nil) made due to the disposal of assets subject to finance lease. The said assets and the corresponding liabilities have been transferred to an associated company.

5.2 The total lease rentals due under the lease agreements aggregating to Rs. 77,150/- (1999: Rs. 6,709,700/-) are payable in equal monthly installments under lease agreements latest by 2001. Overdue rental payments are subject to an additional charge of 3 percent per month. Taxes, repairs, replacement and insurance costs are to be borne by the Company. In case of termination of agreement the lessee is to pay entire rent for unexpired period. Financing rates approximating 17 percent (1999: 17-23 percent) per annum have been used as discounting factor.

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

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

Year		
1999-2000	--	3,655,589

2000-2001		77,150	2,825,114
2001-2002		--	228,997
		77,150	6,709,700
Less: Financial charges allocated to future periods		2,481	836,810
	Rupees	74,669	5,872,890

5.4 The total present value of lease liability as at the balance sheet date is:

	NOTE	*2000*	*1999*
Not later than one year		74,669	3,039,240
Later than one year but not later than five years		--	2,833,650

6. SHORT-TERM LOAN AND RUNNING FINANCE

Secured			
From commercial banks			
Running finance	6.1	3,001,389	13,260,279
Morabaha finance		--	26,893,000
		3,001,389	40,153,279
From financial institutions			
Morabaha finance	6.2	22,000,000	24,000,000
Unsecured			
From associated companies	6.3	84,089	102,531,412
	Rupees	25,085,478	166,684,691

6.1 Represents running finance obtained from a commercial bank. The facility is subject to a restructuring agreement dated 15 November 1999 entered into with the bank by the Company. Markup on overdue balance has been waived on the condition that the Company will not delay the installments due under the said agreement. The facility is payable in thirteen monthly installments latest by November 2000 and is subject to the markup of 36.11 paisas per rupees thousand per day. The facility is secured against joint pari pasu hypothecation of stocks, trade receivables, cross corporate guarantee of an associated company and demand promissory note.

6.2 Represents Morabaha finance of Rs. 22 million (1999: Rs. 24 million) obtained from a Modaraba under mark-up arrangement. The sanctioned amount has been designated as 'Sale Price' against which Rs. 26.233 million (1999: Rs. 28.4 million) is payable by the Company and is designated as 'Purchase Price' payable on 25 April 2001. The finance is secured against pledge of stocks, hypothecation over trade debts, demand promissory note, personal guarantee of directors, cross corporate guarantee and pledge of stock of an associated company in favour of Modaraba.

6.3 Represents financing facilities provided by the associated companies carrying no mark-up (1999: mark-up rate of 49.3 paisas per rupees one thousand per day on daily product basis) and is repayable on demand.

7. CREDITORS, ACCRUED AND OTHER LIABILITIES

		2000	*1999*
Trade creditors		23,221,601	55,666,601
Bills Payable		11,268,103	--
Accrued liabilities		4,984,828	7,195,250
Accrued mark-up on morabaha and running finance - secured		1,054,968	13,747,826
Accrued mark-up on current account with an associated undertaking		1,086,878	7,215,026
Due to associated undertakings		2,842,711	466,763
Advances from dealers and customers		8,034,864	34,348,428
Unclaimed dividend		512,461	392,190
Other liabilities		350,957	95,671
	Rupees	53,357,371	119,127,755

8. CONTINGENCIES AND COMMITMENTS

8.1 In framing the assessment for the assessment years 1991-92 to 1994-95, 1996-97 to 1999-2000, the Assessing Officer has made certain disallowances of expenses, resulting in an aggregate additional tax liability of Rs. 5.578 million. The Company has filed appeals with the Income Tax Appellate Authorities against the said disallowances. As the management is confident that on the merit of the cases the decision will be in the Company's favour, no provision has been made in the accounts for the aforesaid amount.

8.2 Outstanding letter of credits	Rupees	5,460,120	8,291,000

8.3 The Company has certain commitments as fully described in note 11.1 to the accounts.

9. FIXED ASSETS - Tangible

The following is a statement of operating assets:

	Cost at 1 July 1999	*Additions/ (Deletions)/ * Reclassi- fication*	*Cost at 30 June 2000*	*Accumulated Depreciation at 1 July 1999*	*Adjustments for disposal/ *Reclassi- fication*	*Depreciation for the year*	*Accumulated depreciation at 30 June 2000*	*Book value at 30 June 2000*	*Deprecia- tion Rate %*
Furniture and fixtures	1,381,108	2,480	1,383,588	792,056	--	127,109	919,165	464,423	10
Motor vehicles	12,661,842	1,159,000 (5,826,300) *4,405,022	12,399,564	12,406,613	(5,659,986) * 3,524,017	1,201,691	11,472,335	927,229	20
Office equipment	1,339,113	15,150	1,354,263	1,110,022	--	75,282	1,185,304	168,959	15
Airconditioners	166,445	6,000	172,445	142,936	--	7,108	150,044	22,401	15
Computers	4,209,160	11,000 (428,284)	3,791,876	3,244,140	(204,328)	334,289	3,374,101	417,775	15
Bicycles	361,070	(31,500)	329,570	355,845	(31,500)	1,488	325,833	3,737	10
Rupees	20,118,738	1,193,630 (6,286,084) * 4,405,022	19,431,306	18,051,612	-- (5,895,814) * 3,524,017	1,746,967	17,426,782	2,004,524	
1999-Rupees	17,039,579	463,159 (653,000) * 3,269,000	20,718,738	14,580,066	-- (606,400) * 2,541,500	1,536,446	18,051,612	2,067,126	

10. ASSETS SUBJECT TO FINANCE LEASE

	Cost at 1 July t999	*Additions/ (Deletions)/ * Reclassi- fication*	*Cost at 30 June 2000*	*Accumulated Depreciation at 1 July 1999*	*Adjustments for disposal/ *Reclassi- fication/ **Write-down*	*Depreciation for the year*	*Accumulated depreciation at 30 June 2000*	*Book value at 30 June 2000*	*Deprecia- tion Rate %*
Motor vehicles	4,959,022	*(4,405,022)	554,000	3,856,417	*(3,524,017)	110,800	443,200	110,800	20
Computers	9,641,400	(9,641,400)	--	7,820,720	(7,820,720)	--	--	--	15
Rupees	14,600,422	(9,641,400) *(4,405,022)	554,000	11,677,137	(7,820,720) *(3,524,017)	110,800	443,200	110,800	
1999-Rupees	18,254,037	(384,615) *(3,269,000)	14,600,422	8,511,392	(230,769) *(2,541,500) **3,500,000	2,438,014	11,677,137	2,923,285	

	NOTE	*2000*	*1999*
Depreciation for the year has been allocated to:			
General and administration expenses	21	299,467	1,868,320
Selling and distribution expenses	22	1,558,300	2,106,140
	Rupees	1,857,767	3,974,460

11. LONG-TERM INVESTMENTS - at cost

Associated companies - unquoted Bayer DAS (Private) Limited (BDPL) [Formerly D.E. United (Private) Limited] 1,846,647 (1999: Nil) fully paid Ordinary shares of Rs. 10/- each Equity held 50 percent (1999: Nil) Value based on net assets as at 30 June 2000 Rs. (1.56) (30 June 1999: Rs. 20.83) Chief Executive Mr. Jacob Bennett	11.1	90,762,850	--
FMC United (Private) Limited 1,639,418 (1999: 1,639,418) fully paid Ordinary shares of Rs. 10/- each Equity held 40 percent (1999: 40 percent) Value based on net assets as at 31 December 1999			

Rs. 19.99 (31 December 1998: Rs. 19.70)			
Chief Executive: Mr. Mushtaq Ahmed		16,394,180	16,394,180
Pioneer Pakistan Seeds Limited			
979,429 (1999: 979,429) fully paid			
Ordinary shares of Rs. 10/- each			
Equity held 6.12 percent (1999:6.12 percent)			
Value based on net assets as at			
31 August 1999 Rs. 9.62 (1998: Rs. 8.03)			
Chief Executive Dr. Asif Ali Shah		10,000,000	10,000,000
Less: Provision for diminution in value of investments		--	(3,878,250)
		------------------	------------------
		10,000,000	6,121,750
		------------------	------------------
	Rupees	117,157,030	22,515,930
		==========	==========

11.1 On 20 July 1999, the Company acquired 1,846,647 shares @ Rs. 49/- each in the BDPL (investee Company) from an associated undertaking Karachi Investment Company (Private) Limited (KICL). At the time of concluding the transaction the investee was not an associated undertaking of the Company and a resolution in this respect was not passed as required under Section 208 of the Companies Ordinance, 1984. Subsequently, by virtue of common directorship, both the companies became associated undertakings.

On 27 October 2000, the Company has signed a letter of understanding with an other shareholder in the investee Company i.e. Dow Agro Sciences in order to improve upon investee company's cash flow and operations. The understanding inter-alia provides for:

a) D.E. United share value have declined due to the last two years extreme low pest pressure in the Pakistani agricultural market in combination with a 20% decline in prices.

b) In order to maintain the operation for the remaining of the year a new capital injection between 350,000 and 450,000 USD per partner shall be made immediately.

c) For the sales season 2001 an additional capital injection between 500,000 and 1,000,000 USD between the partners will be made.

d) For gaining long term sustainable growth the product portfolio must be extended with complimentary products in the white fly and pyrethroid segments. These extensions should be made with a major multinational company who also can contribute with future innovative products.

e) Therefore the parties agree to propose Bayer AG as a 50% shareholder in D.E. United (Privatel Limited w.e.f. 1st January 2001.

f) Due to the present ongoing merger between the Dow Chemical Company and Union Carbide, Dow Agro Sciences L.L.C is legally not allowed to divest any assets until the final completion of the above merger. This merger is expected to be finalized upto third quarter of the year 2002.

g) As a consequence the parties have agreed that UDPL will sell their shares to Bayer AG for 50% of the fixed assets value of the company shown in the balance sheet within the calendar year 2000.

h) Dow Agro Sciences commit to their best efforts to get all necessary approvals, internally within Dow Agro Sciences and the future partner of the planned Joint Venture (JV) to offer UDPL the possibility to be associated with the new JV. In that case the shareholding ratio between UDPL and Dow Agro Sciences should be on an equal basis in the new JV as long as there are no major changes within the two companies and both parties agree that UDPL should take an active role as future potential partner. Guiding the company with regards to strategies and selection of appropriate key managers. In addition, the annual budget will be prepared in consultation with all partners.

i) It is agreed with UDPL that Dow Agro Sciences will cover UDPL's obligation for the immediate capital injection. If paragraph (h) will be applied, the actual amount paid by Dow Agro Sciences will be reimbursed by UDPL prior to the final transfer of the shares.

j) UDPL will at a later stage, when legally possible, purchase 50% of Dow Agro Sciences shares for 100,000 USD assuming paragraph (h) have been fulfilled. If the value of the company is growing with x% the selling price from Dow Agro Sciences will increase proportionally. For example: a 20% value increase based on January 01 capital injection will lead to a share price increase to UDPL from 100,000 USD to 120,0000 USD.

k) These transactions will be based in Pakistan Rupees at the rate of exchange prevailing between USD and Pak Rupees on the date of capital injection. We estimate the capital injection to take place in January 2001.

The shareholders of the Company in an Extra Ordinary General Meeting (EGM) held on 30 December 2000 approved transfer of 100% shareholding in the investee company to a nominee of a multinational company, Bayer AG at the par value of shares. However, according to the aforesaid letter of understanding , the Company disposed of its entire holding to the said nominee company at a price of Rs. 2.94 per share as worked out under paragraph (g) above.

In addition to above, the Company also entered into a supplementary agreement on 30 December 2000 with KICL, which improved the terms of agreement made earlier to the benefit of the Company. It was agreed that in case Dow Agro Sciences failed to fulfill its commitment by 01 January 2003, KICL will compensate for any of the Company's accumulated post tax loss due to failure of Dow Agro Sciences on its part as per letter of understanding stated above.

		2000	*1999*
12. LONG-TERM LOANS - Unsecured,			
Considered good			
Executives		223,312	417,949
Other employees		277,398	469,508
		------------------	------------------
		500,710	887,457
Less: Current portion		333,428	449,300
		------------------	------------------
	Rupees	167,282	438,157
		==========	==========

12.1 This represents interest free loans to executives and employees for staff welfare in accordance with the Company's employment policy, repayable as per the terms of arrangement.

12.2 Maximum aggregate amount outstanding at the end of any month during the year against loan to executives was Rs. 592,749/- (1999: Rs. 638,749/-).

12.3 Aggregate amount of loans outstanding for period exceeding three years is Rs. 34,032/- (1999: Rs.52,332/-).

	NOTE	*2000*	*1999*
13. LONG-TERM DEPOSITS			
Lease deposits		55,400	1,266,787
Less: Current portion		55,400	261,387
		------------------	------------------
	Rupees	--	1,005,400
		==========	==========
14. STOCK-IN-TRADE			
Finished stock		6,723,967	55,060,186
Intermediate stock		--	765,805
Packing material		--	2,094,723
Other trading stock		227,188	2,486,815
		------------------	------------------
		6,951,155	60,407,529
Stock-in-transit		11,268,103	--
		------------------	------------------
		18,219,258	60,407,529
Less: Obsolete stock written off		1,597,916	8,692,510
		------------------	------------------
	Rupees	16,621,342	51,715,019
		==========	==========
15. TRADE DEBTS - unsecured, considered good			
Agro division		193,347	1,525,968
Others		417,995	1,934,616
		------------------	------------------
	Rupees	611,342	3,460,584
		==========	==========
16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - unsecured, considered good			
Employees	16.1	1,283,275	1,554,692
Suppliers		--	3,499,065
Income tax - net		8,881,925	9,584,978
		------------------	------------------
		10,165,200	14,638,735
Deposits	16.2	558,916	803,925
Margin against letter of credits		1,820,000	--
Prepayments		146,361	1,163,475
Other Receivables			
Accrued profit on shod-term investment		--	44,198,430
Associated companies	16.3		
International Brands (Private) Limited		39,764,842	--
Bayer DAS (Private) Limited [Formerly D.E. United (Private) Limited]		453,177	2,051,402
FMC United (Private) Limited		--	23,127
		------------------	------------------
		40,218,019	2,074,529
Others		90,386	82,071
		------------------	------------------

		40,308,405	2,156,600
		------------------	------------------
	Rupees	52,998,882	62,961,165
		==========	==========

16.1 Includes current portion of the loans amounting to Rs. 333,428/- (1999: Rs. 449,300/-) as referred to in note 12.

16.2 Includes current portion of lease deposits amounting to Rs. 55,400/- (1999: 261,387/-) as referred to in note 13.

16.3 Represents interest free current account balance with associated companies.

16.4 Maximum aggregate amount due from associated companies at the end of any month during the year was Rs. 40,218,019/- (1999: Rs. 23,127/-).

17. SHORT TERM INVESTMENT - at cost	Rupees	--	232,206,663
		==========	==========

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 15.25 percent to 18.5 percent per annum.

18. CASH AND BANK BALANCES

With banks			
On deposit account		--	10,000,000
On current accounts		1,777,877	10,408,983
Cash in transit		181,273	48,563
		------------------	------------------
	Rupees	1,959,150	20,457,546
		==========	==========

19. SALES - net

Gross sales - Local		62,784,578	133,809,869
Less: Discount		3,135,794	7,284,689
		------------------	------------------
	Rupees	59,648,784	126,525,180
		==========	==========

20. COST OF GOODS SOLD

Opening stock		51,715,019	43,523,403
Purchases - net		2,889,699	112,183,037
Industrial processing charges		749,365	3,031,364
		------------------	------------------
		55,354,083	158,737,804
Less: Closing stock		5,353,239	51,715,019
		------------------	------------------
	Rupees	50,000,844	107,022,785
		==========	==========

21. GENERAL AND ADMINISTRATION EXPENSES

Salaries, allowances and other benefits		2,662,051	3,520,241
Rent, rates and taxes		496,615	853,163
Sales promotion and advertisement expenses		82,337	--
Legal and professional charges		314,032	583,219
Depreciation		299,467	1,868,320
Travelling and conveyance		171,665	156,518
Communication		110,840	108,442
Printing and stationery		118,700	259,250
Fee, subscription and periodicals		130,565	248,214
Utilities		215,000	5,285
Insurance		26,501	42,871
Bad debts expenses		--	395,439
Vehicle running expenses		138,171	175,713
Auditors' remuneration	21.1	266,000	146,350
Repairs and maintenance		115,842	103,152
Entertainment		71,316	77,813
Write-down of cost of computers		--	3,500,000
Others		48,195	151,107
		------------------	------------------
	Rupees	5,267,297	11,995,097
		==========	==========

21.1 Auditors' Remuneration

Audit fee		70,000	70,000
Corporate and other services		175,000	57,250
Out of pocket expenses		21,000	19,100
		------------------	------------------
	Rupees	266,000	146,350

		==========	==========

22. SELLING AND DISTRIBUTION EXPENSES

Salaries, allowances and other benefits		8,479,349	10,798,761
Sales promotion and advertisement expenses		1,591,849	2,884,867
Rent, rates and taxes		2,094,584	2,148,730
Fee, subscription and periodicals		115,665	158,686
Printing and stationery		109,673	315,518
Communication		1,408,806	2,104,583
Utilities		424,372	407,157
Insurance		356,257	796,991
Entertainment		210,954	378,328
Vehicle running expenses		2,735,104	5,178,343
Distribution expenses		9,369,475	11,134,163
Repairs and maintenance		301,233	310,102
Travelling, boarding and lodging		949,538	1,716,253
Depreciation		1,558,300	2,106,140
Legal and professional charges		43,250	145,100
Others		602,751	311,038
		------------------	------------------
	Rupees	30,351,160	40,894,760
		==========	==========

23. FINANCIAL CHARGES

Mark-up on short-term loan and running finances		6,276,018	30,355,152
Financial charges under leases		379,207	1,209,986
Mark-up on current account with related parties		1,180,486	7,215,026
Bank charges and commission		163,522	444,755
		------------------	------------------
		7,999,233	39,224,919
Less: Reversal of mark-up on running financing facilities		(7,561,422)	(13,579,992)
		------------------	------------------
	Rupees	437,811	25,644,927
		==========	==========

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

24. OTHER INCOME / (OTHER CHARGES)

Profit on short-term investment		5,083,620	41,601,352
Gain on sale of fixed assets	24.1	6,211,050	539,554
Dividend income		--	4,098,550
Exchange differences - net		(15,674)	93,500
Bad debts recovered		327,000	383,302
Unclaimed advances written-back		1,603,543	--
Reversal of provision for diminution in the value of investments		3,878,250	--
		------------------	------------------
	Rupees	17,087,789	46,716,258
		==========	==========

24.1 DETAIL OF DISPOSAL OF FIXED ASSET

	Cost	*Accumulated Depreciation*	*Book Value*	*Sale Proceeds*	*Gain / (Loss) On Sale*	*Mode of Disposal*	*Particulars of Purchaser*
Motor vehicle	281,000	260,999	1	165,000	164,999	Negotiation	Mr. Syed Adil Ali House No. 304-A, Block-12, Gulberg, Karachi.
Motor vehicle	296,000	295,999	1	166,000	165,999	Negotiation	Mr. Mohammad Shahid Iqbal House No. 12 V Tariq-Bin Ziad Colony, Sahiwal.
Motor vehicle	296,000	295,999	1	170,000	169,999	Negotiation	Mr. Mohammad Tufail Dowad Key Khanana, Tehsil Chenian Dist. Kasur
Motor vehicle	296,000	295,999	1	160,000	159,999	Negotiation	Mr. Mohammad Shahid Iqbal House No. 12 V Tariq-Bin Ziad Colony, Sahiwal.
Motor vehicle	232,000	231,999	1	147,000	146,999	Negotiation	Mr. Mohammad Adnan Sarwar House No. 430-M, Block Farid Town, Sahiwal
Motor vehicle	543,000	488,700	54,300	260,000	205,700	Negotiation	Mr. Mohammad Yaqoob Block NW-S/14 F.B. Area Near

							Square, Karimabad, Karachi.
Motor vehicle	340,000	306,000	34,000	182,000	148,000	Negotiation	Mr. Mohammad Adnan Sarwar House No. 430-M, Block Farid Town, Sahiwal
Motor vehicle	340,000	306,000	34,000	186,000	152,000	Negotiation	Ch. Ahmed Nasim Sandilvi B-10, Block-3, Gulshan-e-Iqbal Karachi.
Motor vehicle	351,000	350,999	1	170,000	169,999	Negotiation	Mr. Javed Iqbal Chak No. 73/5L Shamali Post Office, Sahiwal
Motor vehicle	351,000	350,999	1	172,000	171,999	Negotiation	Mr. Mohammad Sarwar Chak No. 91/6R, Tehsil & Dist. Sahiwal
Motor vehicle	270,000	269,999	1	170,000	169,999	Negotiation	Mr. Mohammad Sohail H. No. 13, Razzaq Square, Rehmatullah Street, Karachi.
Motor vehicle	312,300	312,299	1	167,000	166,999	Negotiation	Ch. Ghulam Rasool Chak No. 86/6R, Tehsil & Distt. Sahiwal
Motor vehicle	296,000	295,999	1	164,000	163,999	Negotiation	Mr. Liaquat Ali House No. 300-G, Farid Town, Sahiwal
Motor vehicle	323,000	322,999	1	143,000	142,999	Negotiation	Mr. Syed Nawazish Ali Moza Qutab Shaharia Tehsil &
Motor vehicle	225,000	224,999	1	153,000	152,999	Negotiation	Ch. Ghulam Rasool Chak No. 86/6R, Tehsil & Distt. Sahiwal
Motor vehicle	232,000	231,999	1	140,000	139,999	Negotiation	Mr. Amir Hameed House No. 546, Block, Farid Town Sahiwal
Motor vehicle	422,000	421,999	1	185,000	184,999	Negotiation	Mr. Bahadar Khan Chak No. 39/3R Tehsil & Distt. Sahiwal
Motor vehicle	440,000	396,000	44,000	253,000	209,000	Negotiation	Mr. Aga Khalid Saleem House No. B-29, Gali No. 32, F7/1, Islamabad
Motor Cycle	31,500	31,500	--	19,000	19,000	Negotiation	Mr. Nadeem Akhtar Employee
Laptop	171,000	25,650	145,350	155,000	9,650	Negotiation	International Brands (Pvt) Ltd. 8th Floor, N.I.C. Bldg, Abbasi Shaheed Road, Karachi.
Laser	37,000	22,200	14,800	18,000	3,200	Negotiation	International Brands (Pvt) Ltd. 8th Floor, N.I.C. Bldg, Abbasi Shaheed Road, Karachi.
Power PC	15,000	9,000	6,000	9,000	3,000	Negotiation	International Brands (Pvt) Ltd. 8th Floor, N.I.C. Bldg, Abbasi Shaheed Road, Karachi.
Power Book	170,784	113,840	56,944	65,000	8,056	Negotiation	International Brands (Pvt) Ltd. 8th Floor, N.I.C. Bldg, Abbasi Shaheed Road, Karachi.
UPS	34,500	33,638	862	3,000	2,138	Negotiation	International Brands (Pvt) Ltd. 8th Floor, N.I.C. Bldg, Abbasi Shaheed Road, Karachi.
Computers & Peripherals	9,641,400	7,820,720	*1,820,680	5,000,000	3,179,320	Negotiation	International Brands (Pvt) Ltd. 8th Floor, N.I.C. Bldg, Abbasi Shaheed Road, Karachi.
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	15,927,484	13,716,534	2,210,950	8,422,000	6,211,050		
	==========	==========	==========	==========	==========		

* The amount includes Rs. 3,500,000 provided for impairment of these computers in the preceding year.

25. TAXATION

25.1 Current
Provision for current year's 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.

	2000	***1999***
	Rupees	***Rupees***
26. TRANSACTIONS WITH ASSOCIATED COMPANIES/RELATED PARTIES		
Purchase of shares	90,485,850	--
Short-term finances obtained	10,655,000	106,686,809
Repayment of short-term loan	120,410,960	70,780,714
Distribution fee for handling of products	24,167,834	28,961,089
Mark-up charged on current account	1,086,878	7,215,026
Dividend income	--	4,098,550
Sale of fixed assets including assets acquired on finance lease	5,250,000	--

27. REMUNERATION OF DIRECTORS AND EXECUTIVES

	DIRECTOR		***EXECUTIVES***	
	2000	***1999***	***2000***	***1999***
Basic salary	928,378	115,867	1,163,824	1,646,297
Allowances	465,002	63,727	601,189	1,045,874
Bonus	100,940	--	62,467	148,560
Company's contribution to Provident Fund	77,338	9,651	96,953	140,534
Rupees	1,571,658	189,245	1,924,433	2,981,265
Number	2	1	6	9

Directors and Executives are provided with free use of Company maintained cars. They are also entitled for medical facility to the extent of reimbursement of actual expenditure and other benefits in accordance with their terms of employment.

No remuneration is payable to the Chief Executive of the Company. However, Rs. 5,000/- (1999:5,000) 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 Directors and Executives by any associated companies.

28. FINANCIAL ASSETS AND LIABILITIES

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 2000 are summarized as follows:

	Interest/mark-up bearing				***Non Interest/mark-up bearing***					
2000	***Maturity upto one year***	***Maturity from one to five year***	***Maturity after five years***	***Sub-total***	***Maturity upto one year***	***Maturity from one to five years***	***Maturity after five years***	***Equity Instruments***	***Sub-total***	***Total***
Financial assets										
Long term Investments	--	--	--	--	--	--	--	117,157,030	117,157,030	117,157,030
Long term loans and deposits	--	--	--	--	--	167,282	--	--	167,282	167,282
Short term investments	--	--	--	--	--	--	--	--	--	--
Advances, deposits & other receivables	--	--	--	--	43,970,596	--	--	--	43,970,596	43,970,596
Trade debts	--	--	--	--	611,342	--	--	--	611,342	611,342
Cash and bank balances	--	--	--	--	1,959,150	--	--	--	1,959,150	1,959,150
	--	--	--	--	46,541,088	167,282	--	117,157,030	163,865,400	163,865,400
Financial liabilities										
Deferred liabilities	--	--	--	--	--	2,561,000	--	--	2,561,000	2,561,000

Liabilities against asset subject to Finance lease	74,669	--	--	74,669	--	--	--	--	--	74,669
Shod term loans and running finance	25,001,389	--	--	25,001,389	84,089	--	--	--	84,089	25,085,478
Creditors, accrued and other liabilities	--	--	--	--	53,357,371	--	--	--	53,357,371	53,357,371
	25,076,058	--	--	25,076,058	53,441,460	2,561,000	--	--	56,002,460	81,078,518

	Interest/mark-up bearing				***Non Interest/mark-up bearing***					
1999	***Maturity upto one year***	***Maturity from one to five year***	***Maturity after five years***	***Sub-total***	***Maturity upto one year***	***Maturity from one to five years***	***Maturity after five years***	***Equity Instruments***	***Sub-total***	***Total***
Financial assets										
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
Short term investments	232,206,663	--	--	232,206,663	--	--	--	--	--	232,206,663
Advances, deposits & other receivables	--	--	--	--	52,212,712	--	--	--	52,212,712	52,212,712
Trade debts	--	--	--	--	3,460,584	--	--	--	3,460,584	3,460,584
Cash and bank balances	10,000,000	--	--	10,000,000	10,457,546	--	--	--	10,457,546	20,457,546
	242,206,663	--	--	242,206,663	66,130,842	1,443,557	--	22,515,930	90,090,329	332,296,992
Financial liabilities										
Deferred liabilities	--	--	--	--	--	2,561,000	--	--	2,561,000	2,561,000
Liabilities against asset subject to Finance lease	3,039,240	2,833,650	--	5,872,890	--	--	--	--	--	5,872,890
Short term loans and running finance	166,684,691	--	--	166,684,691	--	--	--	--	--	166,684,691
Creditors, accrued and other liabilities	--	--	--	--	119,127,755	--	--	--	119,127,755	119,127,755
Dividend	--	--	--	--	6,000,000	--	--	--	6,000,000	6,000,000
	169,723,931	2,833,650	--	172,557,581	125,127,755	2,561,000	--	--	127,688,755	300,246,336

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

Exposure to 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.

Exposure to Currency Rate risk
The Company attempts to reduce exposure to risk of currency rates by entering into forward cover agreements with banks. Assets amounting to Rs. 68,464 (1999 ' Rs. 2,647,923) are exposed to Currency Rate risk.

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

	2000 Rupees	***1999 Rupees***
29. EARNING PER SHARE - Basic and diluted		
Net profit after tax	11,047,295	12,544,958
Number of Ordinary shares	6,600,000	6,600,000
	1.67	1.90

30. WORKING CAPITAL CHANGES

(Increase)/Decrease in Current Assets		
Stock-in-trade	35,093,677	500,894
Trade debts	2,849,242	411,760
Advances, deposits, prepayments and other receivables	1,139,200	(33,151,280)
	6,803,719	(32,238,626)
Increase/Decrease in Current Liabilities		
Short-term loan and running finance	(141,599,213)	41,965,473
Creditors, accrued and other liabilities	(46,949,378)	(17,535,323)

		(188,548,591)	24,430,150
		------------------	------------------
	Rupees	(181,744,872)	(7,808,476)
		==========	==========

31. NUMBER OF EMPLOYEES
The average number of employees during the year were 68 (1999: 98)

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

RASHID ABDULLA **CHIEF EXECUTIVE**	**KHALID MALIK** **DIRECTOR**

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2000

No. of shareholders	*Shareholding From*	*To*	*Total shares held*
62	1	100	2,671
225	101	500	44.25
94	501	1000	64853
151	1001	5000	268012
10	5001	10000	73799
1	10001	15000	10998
5	15001	20000	89,952
3	20001	25000	67,320
3	25001	30000	81,979
1	30001	35000	34,922
1	35001	40000	36,518
1	40001	45000	44,583
2	45001	50000	95,898
5	50001	55000	259,941
4	55001	60000	229,121
5	60001	65000	315,129
2	65001	70000	135,036
1	75001	80000	75,975
3	80001	85000	248,648
5	85001	90000	440,336
1	95001	100000	96,049
2	120001	125000	247,236
1	135001	140000	137,390
1	145001	150000	146,738
1	150001	155000	150,731
2	160001	165000	329,736
2	165001	170000	331,947
1	185001	190000	189,057
1	205001	210000	206,283
2	215001	220000	440,000
1	315001	320000	317,889
2	360001	365000	722,873
1	660001	665000	664,128
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602			6,600,000
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Categories of Shareholders
As at 30 June 2000

Categories of Shareholders	*Number*	*Share Held*	*Percentage*
1. Individuals	591	4,698,575	71.19
2. Investment Companies	4	1,046,241	15.86
3. Insurance Companies	1	83,424	1.26
4. Joint Stock Companies	2	17,378	0.26
5. Financial Institutions	0	0	0.00
6. Modaraba Companies	3	589,382	8.93
7. Associated Companies	0	0	0.00
8. Foreign Investors	1	165,000	2.50
9. Others	0	0	0.00
10. Central Depository Company	0	0	0.00
	------------------	------------------	------------------
	602	6,600,000	100.00
	==========	==========	==========