

Balochistan Particle Board Limited

(16th Report covering period of
18 months ended June 30, 1996)

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Company Information

Board of Directors	N.M. Uquaili Hamid D. Habib Asghar D. Habib Salim H. Mohammad Shabbir S. Mohammad A. K. M. Sayeed Muslim R. Habib Ghulam Abbas Nasser	<i>Chairman</i> <i>Chief Executive</i>
Secretary	Raeesul Hasan	
Bankers	Habib Bank Limited Bank AL Habib Limited Muslim Commercial Bank Limited Habib Bank AG Zurich Metropolitan Bank Limited National Bank of Pakistan American Express Bank Limited	
Auditors	Hyder Bhimji & Co. Chartered Accountants	
Registered Office	Imperial Court, 1st Floor, Dr. Ziauddin Ahmed Road, Karachi.	
Factory	Hub Chowki	
Shares Department	Imperial Court, 3rd Floor, Dr. Ziauddin Ahmed Road, Karachi.	

Notice of Annual General Meeting

Notice is hereby given that the Sixteenth Annual General Meeting of Balochistan Particle Board Limited will be held on Sunday, September 29, 1996 at 11.00 a.m. at Marriott Hotel, Abdullah Haroon Road, Karachi, to transact the following business:

1. To confirm the minutes of the Extraordinary General Meeting of the Company held on March 30, 1996.
2. To receive and consider the audited Accounts, the Directors' report and the Auditors' report for eighteen months ended June 30, 1996.
3. To declare cash dividend @ 15% as recommended by the Directors.
4. To appoint auditors for the year ending June 30, 1997 and to fix their remuneration.

Karachi: September 4, 1996

By Order of the Board
 RAESUL HASAN
 Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from Wednesday, September 25, 1996 to Sunday, September 29, 1996, both days inclusive.
2. A member entitled to attend and vote at this meeting is entitled to appoint another member of the Company as a proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.
3. Members are requested to promptly communicate to the Company any change in their addresses.

Directors' Report

It gives me great pleasure to present to you the Report and the audited accounts of the Company for the eighteen months ended June 30, 1996

Operating Results

By the Grace of Allah, the operations of the company for the period under review resulted in a pre-tax profit of Rs. 14.056 million. The financial results and the appropriations, as recommended by the Board of Directors are as follows:

	(Rupees in thousands)
Profit before taxation	14,056
Less: Taxation	5,104

	8,952
Unappropriated profit brought forward	238

Profit available for appropriation	9,190
Appropriations:	
Proposed - Cash dividend @ 15%	4,500
- Transfer to general reserve	4,000

	8,500

Unappropriated profit carried forward	690
	=====

Change in Accounting Year

In order to comply with the directive contained in Finance Act 1995, the company changed its accounting year from calendar year to financial year. Consequently company applied and received approval of the Registrar of Joint Stock Companies to prepare and present its accounts for a period of eighteen months from January 1, 1995 to June 30, 1996 and accordingly to hold Annual General Meeting within the prescribed time.

Performance Review

I will now deal with the performance of each unit of the Company:

Particle Board Division

During the period under review 23,179 cubic metres of Boards were produced (1994: 14,990 cubic metres).

Particle Board Industry in Pakistan is being faced with consistently rising cost in production mainly due to increase in raw material cost, financial cost, increase in taxes both from Federal and Provincial coupled with continued depreciation of Pak Rupee and increase in the prices of petroleum products. In spite of all these adversaries, all endeavours have been made to achieve and maintain performance and profitability of this unit.

Urea Formaldehyde Division

The division produced 4,802 tons and 3,524 tons of formaldehyde and urea formaldehyde respectively during eighteen months as compared to 3,396 tons and 2,108 tons of formaldehyde and urea formaldehyde respectively produced during previous twelve months of 1994. The profitability of this division was maintained through effective cost control and improved production efficiencies.

FUTURE PROSPECTS

Particle Board Division

The furniture and construction market continued to remain depressed due to general recession in the country. In addition, the sales-tax levy has been raised from 15% to 18% in the current budget. The sugar-cane crop which was lower in the previous year does not show any sizeable improvement for the season 1996-97. This may result in lesser availability of bagasse and thereby further increase in the cost for the next season. These adverse factors may affect the production, sales and profitability of the Company.

Urea Formaldehyde Division

The unit is operating satisfactorily. However, the price of Methanol coupled with Rupee depreciation against Dollar may adversely affect the profitability of the unit.

Pattern of Shareholdings

The statement of pattern of shareholdings of the Company as at June 30, 1996 is shown on Para 7.

Auditors

The present auditors Messrs Hyder Bhimji & Company, Chartered Accountants, retire and being eligible offer themselves for reappointment.

General

The Directors would like to place on record their appreciation of the devoted services and hard work put in the officers, staff and workers of the Company.

Karachi: September 4, 1996

On behalf of the Board of Directors
N.M. UQUAILI
Chairman

Auditors' Report to the Members

We have audited the annexed Balance Sheet of Balochistan Particle Board Limited as at June 30, 1996, and the related Profit and Loss Account and Statement of Changes in Financial Position (Cash Flow Statement), together with the notes forming part thereof, for the period then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and after due verification thereof, we report that:

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

(b) in our opinion:

(i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and the Statement of Changes in Financial Position, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1996 and of the profit and the changes in financial position for the period then ended; and

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

Pattern of Shareholdings as at June 30, 1996

Number of Shareholders	Size of Shareholdings	Total Shares held
243	1 to 100 Shares	12,073
442	101 to 500 Shares	119,934
180	501 to 1,000 Shares	122,222
156	1,001 to 5,000 Shares	361,757
21	5,001 to 10,000 Shares	154,434
14	10,001 to 15,000 Shares	173,815
16	15,001 to 20,000 Shares	269,728

9	20,001	to	25,000	Shares	198,314
17	25,001	to	30,000	Shares	465,505
3	30,001	to	35,000	Shares	99,155
2	35,001	to	40,000	Shares	76,602
1	40,001	to	45,000	Shares	42,239
1	45,001	to	50,000	Shares	49,500
1	55,001	to	60,000	Shares	59,022
4	70,001	to	75,000	Shares	297,300
2	75,001	to	80,000	Shares	156,365
4	85,001	to	90,000	Shares	349,560
1	100,001	to	105,000	Shares	102,300
1	115,001	to	120,000	Shares	117,450
2	145,001	to	150,000	Shares	295,794
1	155,001	to	160,000	Shares	156,250
1	170,001	to	175,000	Shares	173,804
1	210,001	to	215,000	Shares	214,878
1	345,001	to	350,000	Shares	346,840
1	1,585,001	to	1,590,000	Shares	1,585,159

1,125 6,000,000

Note:

Incremental grouping of 5,000 shares after size of holding of 50,000 shares has only been reported for those slabs where there is shareholding.

Shareholders Category	Number of Shareholders	Shares held	Percentage
-----	-----	-----	-----
Individuals	1,106	3,053,075	50.89
Investment Companies	2	1,800,037	30.00
Insurance Companies	3	104,400	1.74
Joint Stock Companies	11	805,463	13.42
Others:			
Charitable Trusts	2	148,975	2.48
Societies	1	88,050	1.47
-----	-----	-----	-----
	1,125	6,000,000	100.00
-----	-----	-----	-----

Balance Sheet as at June 30, 1996

	June 30,	Dec. 31,
Note	1996	1994
	(Rupees in thousands)	

Capital and Reserves

Share capital

Authorised

10,000,000 ordinary shares

of Rs. 5 each

	50,000	50,000
	=====	=====

Issued, subscribed and paid-up capital	3	30,000	30,000
General reserve - revenue	4	25,500	21,500
Unappropriated profit		690	238
		-----	-----
		56,190	51,738
Redeemable Capital - Secured	5	2,035	7,327
Deferred Taxation	6	5,750	6,295
Current Liabilities			
Short-term finances - secured	7	47,347	39,627
Current maturity of redeemable capital	5	3,654	2,942
Creditors and accrued expenses	8	26,056	23,431
Provision for Income-tax		559	1,156
proposed dividend		4,500	4,500
		-----	-----
		82,116	71,656
Contingencies and Commitments	9	-----	-----
		146,091	137,016
		=====	=====
The annexed notes form an integral part of these accounts.			
Tangible Fixed Assets			
Operating fixed assets	10	38,022	42,877
Capital work-in-progress		-	558
		-----	-----
		38,022	43,435
Long-term Investments	11	8,031	8,031
Long-term Loans and Deposits	12	1,598	1,039
Current Assets			
Stores, spares and loose tools	13	13,204	16,634
Stock-in-trade	14	57,655	34,082
Trade debts- Unsecured considered good	15	17,151	26,489
Loans, advances, deposits, prepayments and other receivables	16	8,749	5,794
Cash and bank balances	17	1,681	1,512
		-----	-----
		98,440	84,511
		-----	-----
		146,091	137,016
		=====	=====

Ghulam Abbas Nasser
Chief Executive

Muslim R. Habib
Director

**Profit and Loss Account for Eighteen months
ended June 30, 1996**

Eighteen Twelve
months months

	Note	ended June 30, 1996	ended Dec. 31, 1994
(Rupees in thousands)			
Sales- net	18	212,343	106,143
Cost of sales	19	152,717	74,579
		-----	-----
		59,626	31,564
Administration expenses	20	18,380	10,813
Selling expenses	21	10,689	5,303
Financial charges	22	17,368	7,331
		-----	-----
		46,437	23,447
Operating Profit		13,189	8,117
Other income	23	1,909	1,125
		-----	-----
		15,098	9,242
Other charges	24	1,042	608
		-----	-----
Profit before taxation		14,056	8,634
Taxation	25	5,104	2,800
		-----	-----
Profit after taxation		8,952	5,834
Unappropriated profit brought forward		238	404
		-----	-----
Available for appropriation		9,190	6,238
Appropriations:			
Proposed - Cash dividend @ 15% (1994: 15%)		4,500	4,500
- Transfer to general reserve		4,000	1,500
		-----	-----
		8,500	6,000
		-----	-----
Unappropriated profit carried forward		690	238
		=====	=====

The annexed notes form an integral part of these accounts.

**Statement of Changes in Financial Position (Cash Flow Statement)
for Eighteen months ended June 30, 1996**

	Note	Eighteen months ended June 30, 1996	Twelve months ended Dec. 31, 1994
(Rupees in thousands)			
Net Cash (outflow) / inflow from operating activities			

Cash generation from operations	26	25,227	9,762
Financial Charges paid		(16,912)	(7,331)
Taxes paid		(6,246)	(2,614)
Long-term advances, deposits paid		(559)	(141)
		-----	-----
		1,510	(324)
Net cash (outflow) / inflow from investing activities			
Capital expenditure		(824)	(3,715)
Sale proceeds from disposal of fixed assets		829	428
		-----	-----
		5	(3,287)
Net cash (outflow) / inflow from financing activities			
Repayment of redeemable capital		(4,580)	(2,545)
Dividend paid		(4,486)	(2,690)
Investments made		-	(327)
		-----	-----
		(9,066)	(5,562)
		-----	-----
Net increase / (decrease) in cash and cash equivalent		(7,551)	(9,173)
Cash and cash equivalent at beginning of the period		(38,115)	(28,942)
		-----	-----
Cash and cash equivalent at end of the period	27	(45,666)	(38,115)
		=====	=====

Notes to the Accounts for Eighteen months ended June 30, 1996

1. The company and its operations

Balochistan Particle Board Limited is a public Limited company and its shares are quoted on the Karachi and Lahore Stock Exchanges.

The company is engaged in the manufacture of Particle Board, Formaldehyde and formaldehyde based resin (Glue).

2. Summary of significant accounting policies

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Staff retirement benefits

The company operates provident fund scheme for all the employees eligible for the benefits.

2.3 Taxation

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions, if any.

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

2.4 Fixed assets

These are stated at cost less accumulated depreciation except freehold land and capital work-in-progress which are stated at cost.

Depreciation is computed applying the reducing balance method for the full year except for plant and machinery of the Urea formaldehyde division on which depreciation is charged for actual working days. No depreciation is charged on disposals made during the year. The rates used are stated in note 10.1 of the notes to the accounts.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised. Gain or loss, if any, on disposal of assets is included in income currently.

2.5 Long-term investments

These are stated at cost.

2.6 Stores, spares and loose tools

These are valued at average cost except for items in transit which are valued at actual cost.

2.7 Stock-in-trade

These are valued as follows:

Raw materials	At average cost
Raw materials in transit	At actual cost
Finished goods	At the lower of average cost and net realisable value

2.8 Trade debts

Debts considered irrecoverable are written off and Provision is made for debts considered doubtful.

2.9 Foreign currencies

Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange ruling on the balance sheet date. Exchange gains and losses are included in income currently.

2.10 Revenue recognition

Sales are recorded on despatch of goods to customers. Income from investments is recorded when received.

2.11 Accounting for leases

Lease rentals for assets acquired under operating lease agreements are charged to profit and loss account.

June 30, Dec 31,
1996 1994
(Rupees in thousands)

3. Issued, subscribed and paid-up Capital

Ordinary shares of Rs. 5 each

1996	1994		20,000	20,000
4,000,000	4,000,000	Shares fully paid in cash		
2,000,000	2,000,000	Shares issued as fully paid	10,000	10,000
		bonus shares		
-----	-----		-----	-----
6,000,000	6,000,000		30,000	30,000
=====	=====		=====	=====

June 30, Dec 31,
1996 1994
(Rupees in thousands)

4. General reserve - revenue

As at January 1,	21,500	20,000	
Appropriation from profit	4,000	1,500	
	-----	-----	
	25,500	21,500	
	=====	=====	

5. Redeemable capital - secured

Long Term Finance Certificates:			
National Investment Trust Ltd.	5,689	10,269	
Less: Current maturity	3,654	2,942	
	-----	-----	
	2,035	7,327	
	=====	=====	

5.1 Long term finance from National Investment Trust Limited (NIT) is secured by an equitable mortgage on immovable properties of the company ranking pari passu with the charge already created in favour of Habib Bank Limited and a floating charge on all other assets of the company both present and future except for stores, spares, loose tools, stock-in-trade and trade debts.

The company has agreed to purchase the property for a sum of Rs. 6.563 million and the amount is repayable by the company to NIT in 3 remaining semi-annual equal instalments. The re-purchase price has been determined so as to give a return of 15 per cent to financial institution.

6. Deferred taxation

At June 30,1996 deferred taxation arising on account of accelerated tax depreciation allowance works out to Rs. 5.750 million (1994: Rs. 6.295 million) which has been fully provided for in these accounts.

June 30, Dec. 31,
1996 1994
(Rupees in thousands)

7. Short-term finances - secured

Cash credits/running finances (note 7.1)	22,347	14,627	
Term Finance Certificate (note 7.2)	25,000	25,000	
	-----	-----	
	47,347	39,627	
	=====	=====	

7.1 Secured against hypothecation of stock-in-trade, stores, spares and loose tools and equitable mortgage of immovable properties of the Company (see notes 5.1 and 7.2). The facility for cash credits/running finances amounts to Rs. 23.5 million (1994: Rs. 17 million).

The rates of mark-up range between 50 to 55 paisas per thousand per day. The purchase prices and mark-up are payable by September 14, 1996 to December 31, 1996.

7.2 The Term Finance Certificate from Habib Bank AG Zurich is secured against hypothecation of company's present and future movable assets (see note 5.11).

The Company has agreed to purchase the assets for a sum of Rs. 27.625 million and the amount is repayable by the Company on November 17, 1996. The purchase price has been determined so as to give a return of 21 per cent to financial institution.

June 30, Dec. 31,
1996 1994
(Rupees in thousands)

8. Creditors and accrued expenses

Creditors	15,946	9,905
Bills payable	6,000	9,634
Accrued expenses	1,827	1,862
Accrued mark-up on short-term finances	456	-
Sales tax	28	578
Advances from customers	329	361
Unclaimed dividends	415	401
Workers' profit participation fund (note 8.1)	755	462
Workers' welfare fund	300	228
	-----	-----
	26,056	23,431
	=====	=====

8.1 Workers' profit participation fund

Balance as at January 1,	462	497
Add: Interest on funds utilized for Company's business	39	47
	-----	-----
	501	544
Less: Amount paid to trustees	501	544
	-----	-----
Add: Allocation for the current year	755	462
	-----	-----
Balance as at June 30. 1996	755	462
	=====	=====

9. Contingencies and commitments

9.10 Counter guarantees given to Bank as on June 30, 1996 amounted to Rs. 6.342 million (1994: Rs. 6.342 million).

9.2 Commitments for rentals under operating lease agreements in respect of plant and machinery and vehicles at June 30, 1996 amounted to Rs. 13.568 million (1994: Rs. 14.046 million) payable over the next three years are as follows:

Year	June 30, 1996	Dec. 31, 1994
	(Rupees in thousands)	
1995	-	5,700
1996	-	5,149
1997	5,906	3,197
1998	4,194	-
1999	3,468	-
	-----	-----

13,568 14,046
 ===== =====

9.3 Aggregate commitment for capital expenditure at June 30, 1996 amounted to approximately Rs. 0.500 million (1994: Rs. 0.650 million).

10. Operating fixed assets

10.1 The following is a statement of operating fixed assets:

	Cost to December 31, 1994	Additions/ (deletions)	Cost to June 30, 1996	Accumu- lated depre- ciation	Written down value as at June 30, 1996	Depreciation Charge for 18 months	%
(Rupees in thousands)							
Freehold land	620	-	620	-	620	-	-
Buildings on freehold land							
Particle Board	8,494	-	8,494	5,683	2,811	496	10
Urea Formaldehyde	682	-	682	376	306	54	10
Roads	461	-	461	165	296	24	5
Plant and machinery							
Particle Board	73,465	900	74,365	48,130	26,235	4,630	10
Urea Formaldehyde	10,584	265	10,849	4,445	6,404	684	10
Equipments	1,166	67	1,233	600	633	112	10
Furniture and Fixtures							
Particle Board	1,151	27	1,178	685	493	87	10
Urea Formaldehyde	22	-	22	12	10	1	10
Vehicles							
Particle Board	1,028	123 (119)	1,032	818	214	91	20
	97,673	1,382 (119)	98,936	60,914	38,022	6,179	
December 31, 1994:	94,296	3,473 (96)	97,673	54,796	42,877	4,421	

10.2 Depreciation charge for the period has been allocated as follows:

	June 30, 1996	Dec. 31, 1994
Particle Board Division	Urea Formaldehyde Division Total	Urea Formaldehyde Division Total

*(Rupees in thousands)						
Manufacturing	5,166	738	5,904	3,725	509	4,234
Administration	270	1	271	183	1	184
Selling	4	-	4	3	-	3
	-----	-----	-----	-----	-----	-----
	5,440	739	6,179	3,911	510	4,421
	=====	=====	=====	=====	=====	=====

10.3 Disposal of operating assets

The following assets were sold during the year:

Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of Sale	Particulars of Purchasers
-----	-----	-----	-----	-----	-----
(Rupees in thousands)					
Car	60	47	13	66 Tender	Mr. Mohd. Yunus S/o Mohd. Ayub 140/1 Jugi, Jacobline, Karachi.
Car	23	14	9	163 Tender	Mr. Agha Mazhar Hussain S/o Agha Zaffar Hussain A-19, Askari Apartment # 3, Saddar, Karachi.
Car	36	-	36	600Insurance claim	Habib Insurance Co. Ltd. Habib Square, M. A. Jinnah Road, Karachi.
	-----	-----	-----	-----	-----
	119	61	58	829	
	=====	=====	=====	=====	=====
June 30, Dec. 31,					
1996 1994					
(Rupees in thousands)					

11. Long-term investments

Fully paid-up ordinary shares of Joint Stock Companies - quoted

No. of Shares	Face value	Rs.	Company's name		
1996	1994				
Associated undertakings					
261,465	261,465	5	Habib Sugar Mills Ltd	1,533	1,533
820,246	820,246	5	Balochistan Glass Ltd	6,498	6,498
				-----	-----
				8,031	8,031
				=====	=====
The market value of shares as on June 30, 1996				13,512	30,493

12. Long-term loans and deposits

Loans to employees - unsecured considered good	16	49
Less: receivable within one year	8	26
	-----	-----
	8	23
Deposits	1,590	1,016
	-----	-----
	1,598	1,039
	=====	=====

The amounts are outstanding for less than three years.

13. Stores, spares and loose tools

Stores	5,409	5,655
Spares	7,460	10,528
Loose tools	253	244
Stores and spares-in-transit	82	207
	-----	-----
	13,204	16,634
	=====	=====

14. Stock-in-trade

Raw materials		
Particle Board Division	30,620	15,586
Urea Formaldehyde Division	13,706	14,431
	-----	-----
	44,326	30,017
Finished goods		
Particle Board Division	11,570	2,880
Urea Formaldehyde Division	1,759	1,185
	-----	-----
	13,329	4,065
	-----	-----
	57,655	34,082
	=====	=====

15. Trade debts - unsecured considered good

Due from associated undertaking	2,896	1,890
Due from others	14,255	24,599
	-----	-----
	17,151	26,489
	=====	=====

16. Loans, advances, deposits, prepayments and other receivables - unsecured considered good

Loans and advances		
Employees	283	302
Suppliers of goods and services	2,987	3,043
	-----	-----
	3,270	3,345
Deposits	173	170
Prepayments	4,205	2,225
Other receivables	1,101	54
	-----	-----

	8,749	5,794
	=====	=====
17. Cash and bank balances		
Cash in hand	84	63
Balance with banks on:		
Current accounts	428	280
Deposit account	1,169	1,169
	-----	-----
	1,681	1,512
	=====	=====

18. Operating results

Figures of sales, cost of sales, administration, selling and financial charges and operating profit for business segments are as follows:

	Note	Particle Board Division		Urea Formaldehyde Division		Total	
		1996	1994	1996	1994	1996	1994
(Rupees in thousands)							
Sales		141,659	78,080	73,793	30,227	215,452	108,307
Less: Dealers' commission and discount		3,109	2,164	-	-	3,109	2,164
Net sales		-----	-----	-----	-----	-----	-----
		138,550	75,916	73,793	30,227	212,343	106,143
Cost of sales	19	96,942	53,341	55,775	21,238	152,717	74,579
Administration expenses	20	13,956	8,480	4,424	2,333	18,380	10,813
Selling expenses	21	8,590	4,213	2,099	1,090	10,689	5,303
Financial charges	22	11,711	5,331	5,657	2,000	17,368	7,331
		-----	-----	-----	-----	-----	-----
		131,199	71,365	67,955	26,661	199,154	98,026
Operating profit		-----	-----	-----	-----	-----	-----
		7,351	4,551	5,838	3,566	13,189	8,117
		=====	=====	=====	=====	=====	=====

18.1 Board Division Sale includes export sales of Rs. 1.029 million (1994: Nil)

18.2 Inter-segment pricing

Sales between business segments are recorded at a fair market value.

		Particle Board Division		Urea Formaldehyde Division		Total	
		1996	1994	1996	1994	1996	1994
(Rupees in thousands)							
19. Cost of sales							
Raw material consumed							
Opening stock		15,586	11,549	14,431	3,216	30,017	14,765
Purchases		67,825	29,297	41,312	25,344	109,137	54,641

	83,411	40,846	55,743	28,560	139,154	69,406
Less: Closing stock	30,620	15,586	13,706	14,431	44,326	30,017
	52,791	25,260	42,037	14,129	94,828	39,389
Power and fuel	14,625	7,918	4,001	2,327	18,626	10,245
Salaries, wages and other benefits	15,331	8,905	2,496	1,797	17,827	10,702
Stores and spares	3,948	2,005	2,148	338	6,096	2,343
Communication and stationery	368	182	204	128	572	310
Repairs and maintenance	1,629	857	385	85	2,014	942
Insurance	952	605	453	230	1,405	835
Vehicle and conveyance	1,829	1,198	471	137	2,300	1,335
Depreciation	5,166	3,725	738	509	5,904	4,234
Rent, rates and taxes (note 19.1)	7,101	1,389	2,710	1,193	9,811	2,582
Other manufacturing expenses	1,892	898	706	443	2,598	1,341
	105,632	52,942	56,349	21,316	161,981	74,258
Add: Opening stock of finished goods	2,880	3,279	1,185	1,107	4,065	4,386
	108,512	56,221	57,534	22,423	166,046	78,644
Less: Closing stock of finished goods	11,570	2,880	1,759	1,185	13,329	4,065
	96,942	53,341	55,775	21,238	152,717	74,579

19.1 Rent, rates and taxes

Includes lease rentals of Rs. 5.180 million and Rs. 2.710 million related to Particle Board Division and Urea Formaldehyde Division respectively (1994: Rs. 1.009 million and Rs. 1.193 million respectively).

20. Administration expenses

Salaries and other benefits	7,144	4,356	1,502	769	8,646	5,125
Communication and stationery	1,016	709	212	26	1,228	735
Rent, rates and taxes	350	177	1,645	988	1,995	1,165
Travelling and conveyance	1,641	575	408	163	2,049	738
Subscription, books and periodicals	208	139	5	2	213	141
Directors' fee	8	5	-	-	8	5
Legal and professional charges	153	100	148	-	301	100
Insurance	731	516	-	-	731	516
Auditor's remuneration						
Audit fee	27	27	3	3	30	30
Consultancy services	30	-	-	-	30	-
	57	27	3	3	60	30
Depreciation	270	183	1	1	271	184
Other expenses (note 20.1)	2,378	1,693	500	381	2,878	2,074
	13,956	8,480	4,424	2,333	18,380	10,813

20.1 Other expenses include donations of Rs. 0.480 million related to Particle Board Division (1994: Rs. 0.490 million). None of the directors or their spouses had any interest in the donee fund.

21. Selling expenses

Salaries and other benefits	1,376	783	166	87	1,542	870
Transportation and forwarding charges	4,634	2,013	1,113	401	5,747	2,414
Octroi	1,893	858	486	267	2,379	1,125
Insurance	97	157	70	33	167	190
Communication and stationery	36	24	6	2	42	26
Advertisement and sales promotion	425	236	-	-	425	236
Travelling and conveyance	125	139	258	300	383	439
Depreciation	4	3	-	-	4	3
	-----	-----	-----	-----	-----	-----
	8,590	4,213	2,099	1,090	10,689	5,303

22. Financial charges

Mark-up on short-term finances	9,534	3,707	4,967	1,434	14,501	5,141
Interest and charges on:						
Redeemable capital	1,600	1,381	394	472	1,994	1,853
Workers' profit participation fund	29	34	10	13	39	47
Bank charges & excise duty	548	209	286	81	834	290
	-----	-----	-----	-----	-----	-----
	11,711	5,331	5,657	2,000	17,368	7,331

June 30, Dec. 31,
1996 1994
(Rupees in thousands)

23. Other income

Dividend - received from associated undertakings	1,138	746
Profit on sale of fixed assets	771	363
Compensation on advance payment of tax	-	16
	-----	-----
	1,909	1,125

24. Other charges

Workers' profit participation fund	755	462
Workers' welfare fund	287	146
	-----	-----
	1,042	608

25. Taxation

Current	5,649	2,400
Deferred	(545)	400
	-----	-----

5,104 2,800

=====

26. Cash generated from operations

Profit before taxation	14,056	8,634
Adjustment for non cash charges and other items		
Depreciation	6,179	4,421
(Profit) on sale of fixed assets	(771)	(363)
Financial charges	17,368	7,331
Working capital changes - note 26.1	(11,605)	(10,261)
	-----	-----
	25,227	9,762
	=====	=====

26.1 Working capital changes

(Increase) / decrease in current assets

Stores, spares and loose tools	3,430	90
Stock-in-trade	(23,573)	(14,931)
Trade debts	9,338	(3,123)
Loans, advances, deposits, prepayments and other receivables	(2,955)	(1,471)
	-----	-----
	(13,760)	(19,435)

Increase / (decrease) in current liabilities

Creditors and accrued expenses	2,155	9,174
	-----	-----
	(11,605)	(10,261)
	=====	=====

27. Cash and cash equivalent

Cash and cash equivalent comprise of the following items as included in the balance sheet:

Cash and bank balances	1,681	1,512
Short-term finances	(47,347)	(39,627)
	-----	-----
	(45,666)	(38,115)
	=====	=====

28. Remuneration of directors, chief executive and executives

	June 30, 1996				Dec. 31, 1994				
	Chief	Direc- tors	Execu- tive	Execu- tives	Chief	Direc- tors	Execu- tive	Execu- tive	
	Total				Total				
	(Rupees in thousands)								
Fee - 7 Directors (1994: 7 directors)	8	-	-	-	8	5	-	-	5
Managerial remuneration	549	1,216	2,249	4,014	331	524	994	1,849	
Contribution to									

Provident Fund	-	58	93	151	-	23	39	62
Perquisites								
Vehicle running	36	35	-	71	30	41	-	71
Telephone	15	-	-	15	6	5	-	11
	-----	-----	-----	-----	-----	-----	-----	-----
	600	1,309	2,342	4,251	367	593	1,033	1,993
	=====	=====	=====	=====	=====	=====	=====	=====
Number of persons	1	1	5	7	1	1	3	5
	=====	=====	=====	=====	=====	=====	=====	=====

In addition, director, chief executive and certain executives are provided Company maintained cars.

29. General

	June 30, 1996	Dec. 31, 1994	
	Working	Working	
	Quantity	Quantity	days
	-----	-----	-----
i) Capacity and production			
a) Particle board division			
Capacity	24,000 M3	30024,000 M3	300
Actual production	23.179 M3	38514,990 M3	239
b) Urea formaldehyde division			
Formaldehyde:			
Capacity	3,000 Tons	3003,000 Tons	300
Actual production	4,802 Tons	3523,396 Tons	235
Urea formaldehyde:			
Capacity	4,000 Tons	3004,000 Tons	300
Actual production	3,524 Tons	3522,108 Tons	235

ii) The Production achieved during the year taking into consideration the demand and supply situation and the intense competition which the industry faces was adequate for the purpose of the Company's business.

	June 30,	Dec. 31,
	1996	1994
	(Rupees in thousands)	

iii) Transactions with associated undertakings

Purchases	383	213
Insurance	2,793	1,399
Other reimbursable expenses	26,845	12,681
Sales	6,060	4,338

iv) The maximum aggregate amount due from associated undertaking at the end of any month was Rs. 2.896 million (1994: Rs. 2.659 million).

v) Comparative figures

Previous year's figures have been rearranged wherever necessary for the purpose of comparison