

Balochistan Particle Board Limited

Annual Report 1998

Contents

Company Information
Notice of Annual General Meeting
Directors' Report
Auditors' Report to the Members
Balance Sheet
Profit and Loss Account
Cash Flow Statement
Notes to the Accounts
Pattern of Shareholdings

Company Information

Board of Directors	Asghar D. Habib Imran A. Habib Zahid Ali H. Jamall Ismail Merchant Ghulam Abbas Karjatwala Ali A. Rahim Muslim R. Habib	Chairman Chief Executive
---------------------------	---	---

Secretary Ismail Merchant

Bankers Habib Bank Limited
Bank AL Habib Limited
Habib Bank AG Zurich

Auditors Hyder Bhimji & Co.
Chartered Accountants

Registered Office Imperial Court, 3rd 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 Eighteenth Annual General Meeting of Balochistan Particle Board Limited will be held on Monday, December 14, 1998 at 11.00 a.m. at Marriott Hotel, Abdullah Haroon Road, Karachi, to transact the following business:

1. To confirm the minutes of the Seventeenth Annual General Meeting of the Company held on December 27, 1997.
2. To receive and consider the audited Accounts, the Directors' report and the Auditors' report for the year ended June 30, 1998.
3. To appoint auditors for the year ending June 30, 1999 and to fix their remuneration.

By Order of the Board

ISMAIL MERCHANT

Secretary

Karachi; November 10, 1998

Notes:

1. The Share Transfer Books of the Company will remain closed from Friday, December 4, 1998 to Monday, December 14, 1998, 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

Dear Members - Assalam-o-Alekum

On behalf of my colleagues on the Board, I welcome you to the Eighteenth Annual General Meeting of the Company and present the annual report alongwith the audited accounts of the Company for the year ended June 30, 1998.

As reported earlier in my Annual Report of 1997, on account of adverse economic and marketing

conditions, the plant operations were closed down except for a short period of approximately one month with the objective of consuming the balance stock of raw materials mainly bagasse.

The board industry in Pakistan is passing through a serious crisis on account of excess capacity, rising cost of production and reduced selling prices. The market conditions have continued to be depressed and at present operations are not considered economically viable. The management after the closure of the plant has laid-off all employees and the plant remains manned by security staff only. Company has arranged loan from sponsor/affiliated company to pay off creditors of goods and services, full settlement of staff dues, bank installments, interest and lease rentals.

By the Grace of Allah, the Board wish to report that negotiations with banks and financial institutions in restructuring the long-term loans and moratorium of interest/mark-up has been concluded satisfactorily as described in note Nos. 5.1 and 5.2 of the Notes to the Accounts.

The management is constantly reviewing the position of the industry and will take appropriate measures as and when required in-the larger interest of the shareholders.

The Millennium Bug

The company is aware of the millennium bug problem and has already taken all steps to cope with it.

Pattern of Shareholdings

The statement of pattern of shareholdings of the Company as at June 30, 1998 is shown on Page 24.

Auditors

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

On behalf of the Board of Directors

Asgar D. Habib

Chairman

Karachi: November 10, 1998

Auditors' Report to the Members

We have audited the annexed Balance Sheet of Balochistan Particle Board Limited as at June 30, 1998, and the related Profit and Loss Account and Cash Flow Statement, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and after due verification thereof, we report that:

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

(b) in our opinion:

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

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1998 and of the loss and cash flows for the year then ended; and

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

Hyder Bhimji & Company

Chartered Accountants

Karachi: November 10, 1998

Balance Sheet as at June 30, 1998

	Note	1998	1997
		(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
Accumulated (loss)		(18,566)	(535)
		-----	-----
		11,434	54,965
Long-term loans - secured	5	27,099	37,500
Loan from sponsors/ affiliated company-unsecured		18,341	--

Current Liabilities

Short-term finances - secured	6	--	24,918
Current maturity of redeemable capital and long term loans	7	10,840	2,035
Creditors and accrued expenses	8	1,590	20,566
		-----	-----
		12,430	47,519
Contingencies and commitments	9		
		-----	-----
		69,304	139,984
		=====	=====

Tangible Fixed Assets

Operating fixed assets	10	34,037	37,549
------------------------	----	--------	--------

Long-term Investments

	11	8,031	8,031
--	----	-------	-------

Long-term Loans and Deposits

	12	1,560	1,866
--	----	-------	-------

Current Assets

Stores, spares and loose tools	13	11,576	11,732
Stock-in-trade	14	--	24,439
Trade debts - unsecured considered good	15	5,261	32,693
Loans, advances, deposits, prepayments and other receivables	16	7,603	22,156
Cash and bank balances	17	1,236	1,518
		-----	-----
		25,676	92,538
		-----	-----
		69,304	139,984
		=====	=====

The annexed notes form an integral part of these accounts.

Profit and Loss Account**for the year ended June 30, 1998**

	Note	1998	1997
(Rupees in thousands)			
Sales - net	18	22,908	140,258
Cost of sales	19	31,774	117,109

		23,149	(8,866)
Factory expenses	20	20,065	--
Administration expenses	21	8,980	11,852
Selling expenses	22	3,421	6,113
Financial charges	23	5,091	11,739
		(37,557)	(29,704)
Operating (Loss)		(46,423)	(6,555)
Profit on sale of fixed assets		1,546	280
(Loss) before taxation		(44,877)	(6,275)
Taxation	24	1,346	5,050
(Loss) after taxation		(43,531)	(1,225)
Accumulated (loss)/profit brought forward		(535)	690
		(44,066)	(535)
Transfer from general reserve		25,500	--
Accumulated (loss) carried forward		(18,566)	(535)

The annexed notes form an integral part of these accounts.

Cash Flow Statement for the year ended June 30, 1998

		1998	1997
		(Rupees in thousands)	
Cash flow from operating activities			
Cash generated from operations	25	10,882	9,874
Financial charges paid		(6,314)	(10,917)
Taxes paid		(1,232)	(2,933)
Long-term loans and deposits		306	(268)
Net cash (outflow)/inflow from operating activities		3,642	(4,244)

Cash flow from investing activities

Fixed capital expenditure	(80)	(3,312)
Sale proceeds from disposal of fixed assets	4,557	315
	-----	-----
Net cash (outflow)/inflow from investing activities	4,477	(2,997)
Cash flow from financing activities		
Loan from sponsors/affiliated company	18,341	--
Repayment of redeemable capital	(1,596)	8,846
Dividends paid	(228)	(4,339)
	-----	-----
Net cash inflow from financing activities	16,517	4,507
	-----	-----
Net increase/(decrease)in cash and cash equivalents	24,636	(2,734)
	-----	-----
Cash and cash equivalents at the beginning of the year	(23,400)	(20,666)
	-----	-----
Cash and cash equivalents at the end of the year	26	1,236
	=====	=====

The annexed notes form an integral part of these accounts.

Notes to the Accounts for the year ended June 30, 1998

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). However, in view of adverse business conditions the plant remained in operation for an approximate period of one month with the objective of consuming the balance stock of raw-material.

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, which are not likely to reverse in the foreseeable future.

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 on which depreciation is charged for actual working days (note 10.3). No depreciation is charged on disposals made during the year.

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.

2.12 Going concern

These accounts have been prepared under the going concern basis.

1998 1997
(Rupees in thousands)

3. Issued, subscribed and paid-up Capital

Ordinary shares of Rs. 5 each

1998	1997		
4,000,000	4,000,000	Shares fully paid in cash	20,000 20,000
2,000,000	2,000,000	Shares issued as fully paid bonus shares	10,000 10,000
-----	-----		-----
6,000,000	6,000,000		30,000 30,000
=====	=====		=====

4. General reserve - revenue

As at July 1,	25,500	25,500
Transfer to Profit & Loss Account	(25,500)	--
	-----	-----
	--	25,500
	=====	=====

5. Long-term loans-secured

5.1 Habib Bank AG Zurich	27,001	25,000
5.2 First International Investment Bank Limited	10,938	12,500
	-----	-----
	37,939	37,500
Less: Current maturity	10,840	--
	-----	-----
	27,099	37,500
	=====	=====

5.1 Term finance loan and acceptances under import letters of credit aggregating to Rs. 30.859 million as on Feb 4, 1998 from Habib Bank A.G. Zurich were restructured into a long term loan repayable in 8 equal half-yearly installments commencing on April 30, 1998 which was paid on due date.

The bank has agreed not to charge mark-up subject to the condition that no default is made in repayment of loan installments. The loan facility is secured against hypothecation of company's present and future movable assets and by a equitable mortgage on factory land

and building and plant and machinery.

5.2 Under a Memorandum of Understanding dated April 21, 1998 the borrowing of Rs. 12.5 million under bankers' acceptances from First International Investment Bank Limited (Interbank) has been restructured into a long-term finance loan at a mark-up of 16 percent per annum repayable in 8 equal half-yearly installments commencing from June 30, 1998. In consideration of the above Interbank has agreed to allow moratorium of mark-up subject to the condition that there is no default in repayment and commercial production is not commenced and fixed assets are not disposed of during the subsistence of the loan. In case the company commences commercial production and or disposes of the fixed assets, the parties shall mutually discuss and agree the modalities of the payment of mark-up.

The facility is secured against hypothecation of trade debts, stores, spares and loose tools and equitable mortgage of immovable properties and charge on present and future plant, machinery and equipments of the company.

	1998	1997
--	------	------

(Rupees in thousands)

6. Short-term finances - secured

Cash credits/running finances	--	24,918
Cash Credit/running finances have been repaid during the year.	=====	=====

7. Current maturity of redeemable capital & long term loans

Redeemable capital -		
National Investment Trust Ltd (NIT) - Note 7.1	--	2,035
Long term loans		
Habib Bank A.G. Zurich	7,715	--
First International Investment Bank Limited	3,125	--
	-----	-----
	10,840	2,035
	=====	=====

7.1 The long term finance from N.I.T of Rs. 2.035 million was repaid during the year.

	1998	1997
--	------	------

(Rupees in thousands)

8. Creditors and accrued expenses

Creditors	414	10,635
Bills payable	--	5,315
Accrued expenses	773	2,540

Accrued mark-up on short-term finances	--	1,278
Sales tax	--	43
Advances from customers	55	179
Unclaimed dividends	348	576
	-----	-----
	1,590	20,566
	=====	=====

9. Contingencies and commitments

9.1 Excise duty on transportation of methanol from Karachi to Hub for Rs. 14.119 million demanded by the Sindh Provincial Government has been challenged by the company before the Hon'ble, Supreme Court of Pakistan and the company is hopeful, Inshallah, of a favourable outcome. Counter guarantees given to bank in this respect as on June 30, 1998 amounted to Rs. 6.342 million. (1997: Rs. 6.342 million)

9.2 Commitments for rentals under operating lease agreements in respect of plant and machinery, spares and vehicles at June 30, 1998 amounted to Rs. 17.651 million (1997: Rs. 22.103 million) payable over the next four years.

10. Operating fixed assets

10.1 The following is a statement of operating fixed assets:

	Cost to June 30, 1997	Additions/ (deletions)	Cost to June 30, 1998	Accumulated depreciation	Written down value as at June 30, 1998	Depreciation Charge for the year	Rate %
----- (Rupees in thousands) -----							
Freehold land	620	--	620	--	620	--	--
Buildings on freehold land							
Particle Board	8,494	--	8,494	6,217	2,277	253	10
Urea Formaldehyde	682	--	682	434	248	27	10
Roads	461	--	461	194	267	14	5
Plant and machinery							
Particle Board	77,504	--	72,303	48,387	23,916	172	10
		(5,201)					
Urea Formaldehyde	10,849	--	10,849	4,792	6,057	33	10
Equipments	1,338	80	932	539	393	44	10
		(486)					
Furniture and Fixtures							
Particle Board	1,194	--	753	567	186	21	10

		(441)					
Urea Formaldehyde	22	--	22	14	8	1	10
Vehicles							
Particle Board	973	--	611	546	65	16	20
		(362)					
	102,137	80	95,727	61,690	34,037	581	
		(6,490)					
1997:	98,936	3,312	102,137	64,588	37,549	3,750	
		(111)					

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

	1998			1997		
	Urea			Urea		
	Particle	Formal-		Particle	Formal-	
	Board	dehyde		Board	dehyde	
	Total Division	Division	Total	Total Division	Division	Total
(Rupees in thousands)						
Manufacturing	191	61	252	3,243	345	3,588
Factory expenses	251	--	251	--	--	--
Administration	76	1	77	159	1	160
Selling	1	--	1	2	--	2
	519	62	581	3,404	346	3,750

10.3 Depreciation on plant & machinery of Board and Urea Formaldehyde division has been charged for number of days plant remained in operation.

10.4 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)					

Plant and Machinery

	1998	1997	1996	1995		
Sanding Machine	5,201	2,852	2,349	2,650	Sale & lease back	First Habib Modarba Hirani Centre, I.I. Chundrigar Road, Karachi.
Equipments	486	179	307	385	Negotiation	Habib Insurance Company Ltd. Habib Square, M.A. Jinnah Road, Karachi.
Furniture & Fixtures						
Particle Board	441	190	251	265	Negotiation	Habib Insurance Company Ltd. Habib Square, M.A. Jinnah Road, Karachi.
Vehicles						
Motorcycle	7	6	1	2	Negotiation	Mr. Pir Bux Staff
Motorcycle	16	15	1	10	Negotiation	Mr. Sher Mohd. Staff
Motorcycle	27	22	5	10	Negotiation	Mr. Rafiq Staff
Motorcycle	28	23	5	28	Negotiation	Mr. Manazir Ali Staff
Motorcycle	30	23	7	30	Negotiation	Mr. Pervaiz Staff
Motorcycle	30	21	9	15	Negotiation	Mr. Raza Hussain Staff
Motorcycle	3	1	2	24	Negotiation	Mr. Akber Staff
Motorcycle	3	1	2	25	Negotiation	Mr. Ansar Staff
Motorcycle	4	1	3	22	Negotiation	Mr. Bashir Staff
Motorcycle	3	1	2	28	Negotiation	Mr. Rehmat Staff
Motorcycle	4	1	3	27	Negotiation	Mr. Mian Bux Staff
Suzuki Fx	73	67	6	50	Negotiation	Mr. Baqar Rizvi Staff
Toyota Corolla	26	19	7	285	Tender	Mr. Junaid Soomro 15/1 M. street Phase V. D.H.S. Khi.
Mitsubishi Lancer	48	25	23	290	Tender	Mr. Murtaza Ali E-3, Rizvia Society Khi.
Suzuki Swift	22	13	9	90	Tender	Mr. Mahmood Hussain House No. 19, Zaibunnisa Plaza M.A. Jinnah Road, Khi.
Suzuki Khyber	20	11	9	171	Tender	Mr. Nasim Ahmed 3/35 Muslimabad Road, Khi.
Suzuki Margalla	18	8	10	150	Negotiation	Mr. Hasan Zaki Staff
	-----	-----	-----	-----		
	362	258	104	1,257		
	-----	-----	-----	-----		
	6,490	3,479	3,011	4,557		
	=====	=====	=====	=====		

1998 1997
(Rupees in thousands)

11. Long-term investments

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

Number of Shares		Face Value	Company's Name	Rs.	
1998	1997				
Associated undertakings					
352,977	313,758		5Habib Sugar Mills Ltd.	1,533	1,533
820,246	820,246		5Balochistan Glass Ltd.	6,498	6,498
				-----	-----
				8,031	8,031
				-----	-----
The market value of shares as on June 30.				4,288	7,627
				=====	=====

12. Long-term loans and deposits

Loans to employees - unsecured considered good	--	21
Less: receivable within one year	--	17
	-----	-----
	--	4
Deposits	1,560	1,862
	-----	-----
	1,560	1,866
	=====	=====

The amounts are outstanding for less than three years.

13. Stores, spares and loose tools

Stores including in transit Rs. Nil (1997 Rs. 0.212)	6,144	6,267
Spares	5,164	5,197
Loose tools	268	268
	-----	-----
	11,576	11,732
	=====	=====

14. Stock-in-trade

Raw materials		
Particle Board Division	--	4,346
Urea Formaldehyde Division	--	5,142

	-----	-----
Finished goods	--	9,488
Particle Board Division	--	14,232
Urea Formaldehyde Division	--	719
	-----	-----
	--	14,951
	-----	-----
	--	24,439
	=====	=====

15. Trade debts - unsecured considered good

Due from associated undertaking	1	2,985
Due from others	5,260	29,708
	-----	-----
	5,261	32,693
	=====	=====

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

Loans and advances		
Employees	--	232
Suppliers of goods and services	2,106	1,785
	-----	-----
	2,106	2,017
Deposits	169	182
Prepayments	--	5,514
Other receivables	1,076	12,769
Income-tax refunds	4,252	1,674
	-----	-----
	7,603	22,156
	=====	=====

17. Cash and bank balances

Cash in hand	5	103
Balance with banks on:		
Current accounts	62	246
Deposit account	1,169	1,169
	-----	-----
	1,236	1,518
	=====	=====

18. Operating results

Figures of sales, cost of sales, administration, selling and financial charges and operating

(loss)/profit for business segments are as follows:

	Note	Particle Board Division		Urea Formaldehyde Division		Total	
		1998	1997	1998	1997	1998	1997
(Rupees in thousands)							
Sales		17,908	91,700	6,261	50,910	24,169	142,610
Less: Dealers' commission and discount		1,253	2,343	8	9	1,261	2,352
Net sales		16,655	89,357	6,253	50,901	22,908	140,258
Cost of sales	19	24,126	74,798	7,648	42,311	31,774	117,109
Factory expenses	20	18,636	--	1,429	--	20,065	--
Administration expenses	21	8,480	8,582	500	3,270	8,980	11,852
Selling expenses	22	2,732	5,409	689	704	3,421	6,113
Financial charges	23	346	7,946	1,745	3,793	5,091	11,739
		57,320	96,735	12,011	50,078	69,331	146,813
Operating (loss) / profit		(40,665)	(7,378)	(5,758)	823	(46,423)	(6,555)

18.1 Inter-segment pricing

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

	Particle Board Division		Urea Formaldehyde Division		Total	
	1998	1997	1998	1997	1998	1997
(Rupees in thousands)						

19. Cost of sales

Raw material consumed	5,870	43,832	5,547	32,216	11,417	76,048
Power and fuel	938	10,559	298	2,983	1,236	13,542

Salaries, wages and other benefits	1,088	8,130	123	1,000	1,211	9,130
Stores and spares	309	1,486	505	813	814	2,299
Communication and stationery	87	179	--	150	87	329
Repairs and maintenance	358	735	--	182	358	917
Insurance	72	748	105	293	177	1,041
Vehicle and conveyance	172	1,153	--	350	172	1,503
Depreciation	191	3,243	61	345	252	3,588
Rent, rates and taxes	568	6,555	269	2,438	837	8,993
Other manufacturing expenses	241	840	21	501	262	1,341
	9,894	77,460	6,929	41,271	16,823	118,731
Add: Opening stock of finished goods	14,232	11,570	719	1,759	14,951	13,329
	24,126	89,030	7,648	43,030	31,774	132,060
Less: Closing stock of finished goods	--	14,232	--	719	--	14,951
	24,126	74,798	7,648	42,311	31,774	117,109

	Particle Board Division		Urea Formaldehyde Division		Total	
	1998	1997	1998	1997	1998	1997
(Rupees in thousands)						
20. Factory expenses						
Power and fuel	1,579	--	--	--	1,579	--
Salaries, wages and other benefits	7,159	--	129	--	7,288	--
Insurance	737	--	--	--	737	--
Vehicle and Conveyance	552	--	--	--	552	--
Rent, rates and taxes	7,782	--	1,300	--	9,082	--
Depreciation	251	--	--	--	251	--
Others	576	--	--	--	576	--
	18,636	--	1,429	--	20,065	--

Urea
Particle Board **Formaldehyde**

	Division		Division		Total	
	1998	1997	1998	1997	1998	1997
(Rupees in thousands)						
21. Administration expenses						
Salaries and other benefits	5,789	4,966	--	1,277	5,789	6,243
Communication and stationery	289	418	--	150	289	568
Rent, rates and taxes	202	260	411	925	613	1,185
Travelling and conveyance	717	928	--	275	717	1,203
Subscription, books and periodicals	72	229	--	--	72	229
Directors' fee	5	4	--	--	5	4
Legal and professional charges	119	83	--	100	119	183
Insurance	291	315	--	--	291	315
Auditors' remuneration						
Audit fee	27	27	3	3	30	30
Depreciation	76	159	1	1	77	160
Other expenses (note 21.1)	893	1,193	85	539	978	1,732
	8,480	8,582	500	3,270	8,980	11,852

21.1 Other expenses include donations of Rs. Nil related to Particle Board Division (1997: Rs. 120 thousand). None of the directors or their spouses had any interest in the donee fund.

	Particle Board Division		Urea Formaldehyde Division		Total	
	1998	1997	1998	1997	1998	1997
(Rupees in thousands)						
22. Selling expenses						
Salaries and other benefits	1,031	834	--	150	1,031	984
Transportation & forwarding charges	857	3,058	636	286	1,493	3,344
Octroi	629	1,210	53	223	682	1,433
Insurance	30	72	--	40	30	112
Communication and stationery	14	18	--	5	14	23
Advertisement and sales promotion	13	145	--	--	13	145
Travelling and conveyance	157	70	--	--	157	70
Depreciation	1	2	--	--	1	2

2,732	5,409	689	704	3,421	6,113
-------	-------	-----	-----	-------	-------

	Particle Board Division		Urea Formaldehyde Division		Total	
	1998	1997	1998	1997	1998	1997
(Rupees in thousands)						
23. Financial charges						
Mark-up on short-term finances	1,059	3,059	1,001	1,518	2,060	4,577
Mark-up and charges on: Redeemable capital/long term loans	2,070	4,509	714	2,096	2,784	6,605
Workers' profit participation fund	--	37	--	9	--	46
Bank charges	217	341	30	170	247	511
	3,346	7,946	1,745	3,793	5,091	11,739

	1998	1997
(Rupees in thousands)		

24. Taxation

Income tax - current	(115)	(700)
Prior years	1,461	-
Deferred taxation written back	-	5,750

-----	-----
1,346	5,050
=====	=====

25. Cash generated from operations

(Loss)before taxation	(44,877)	(6,275)
Adjustment for non cash charges and other items:		
Depreciation	581	3,750
(Profit) on sale of fixed assets	(1,546)	(280)
Financial charges	5,091	11,739
Working capital changes - note 25.1	51,633	940
	10,882	9,874
	=====	=====

1998 **1997**
(Rupees in thousands)

25.1 Working capital changes

(Increase) / decrease in current assets

Stores, spares and loose tools	156	1,472
Stock-in-trade	24,439	33,216
Trade debts	27,432	(15,542)
Loans, advances, deposits, prepayments and other receivables	17,131	(11,733)
	-----	-----
	69,158	7,413

Increase / (decrease) in current liabilities

Creditors and accrued expenses	(17,525)	(6,473)
	-----	-----
	51,633	940
	=====	=====

26. Cash and cash equivalents

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

Cash and bank balances	1,236	1,518
Short-term finances	--	(24,918)
	-----	-----
Cash and cash equivalents at the end of the year	1,236	(23,400)
	=====	=====

27. Remuneration of directors, chief executive and executives

	1998				1997			
	Directors	Chief Executive	Executives	Total	Directors	Chief Executive	Executives	Total
Fee-9 Directors (1997: 7 directors)	5	--	--	5	4	--	--	4
Managerial remuneration	--	405	640	1045	540	874	1,655	3,069
Contribution to Provident Fund	--	--	19	19	--	42	76	118
Perquisites								

Vehicle running	--	38	--	38	33	26	--	59
Telephone	--	6	--	6	20	--	--	20
	--	449	659	1108	593	942	1,731	3,266
Number of persons	--	1	3	4	1	1	5	7

Company maintained cars were provided to chief executive and executives

28. General

	1998		1997	
	Quantity	Working days	Quantity	Working days
i) Capacity and production				
a) Particle board division				
Capacity	24,000 (M)3	300	24,000 (M)3	300
Actual production	1,248 (M)3	26	12,904 (M)3	221
b) Urea formaldehyde division				
Formaldehyde:				
Capacity	3,000 Tons	300	3,000 Tons	300
Actual production	206 Tons	20	1,807 Tons	179
Urea formaldehyde:				
Capacity	4,000 Tons	300	4,000 Tons	300
Actual production	127 Tons	20	1,513 Tons	179

ii) The actual production was lower as compared with the installed capacity as the plant remained closed for an approximate period of eleven months during the year.

1998 1997 (Rupees in thousands)

iii) Transactions with associated undertakings

Purchases	--	314
Insurance	395	1,613
Other reimbursable expenses	--	7,391

Sales

746

2,375

iv) The maximum aggregate amount due from associated undertaking at the end of any month was Rs. 3.081 million (1997: Rs. 5.125 million).

v) Comparative figures

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

Pattern of Shareholdings as at June 30, 1998

Number of Shareholders	Size of Shareholdings			Total Shares held	
290	1	to	100	Shares	13,539
441	101	to	500	Shares	121,246
178	501	to	1,000	Shares	122,124
154	1,001	to	5,000	Shares	357,993
19	5,001	to	10,000	Shares	137,410
7	10,001	to	15,000	Shares	90,776
6	15,001	to	20,000	Shares	103,476
9	20,001	to	25,000	Shares	197,381
7	25,001	to	30,000	Shares	194,083
6	30,001	to	35,000	Shares	197,458
2	35,001	to	40,000	Shares	73,402
5	40,001	to	45,000	Shares	216,007
2	45,001	to	50,000	Shares	98,427
2	50,001	to	55,000	Shares	105,340
2	55,001	to	60,000	Shares	118,834
2	70,001	to	75,000	Shares	148,325
2	75,001	to	80,000	Shares	156,365
1	85,001	to	90,000	Shares	88,050
1	100,001	to	105,000	Shares	102,300
1	140,001	to	145,000	Shares	140,128
2	145,001	to	150,000	Shares	296,772
1	155,001	to	160,000	Shares	156,250
2	170,001	to	175,000	Shares	344,890
1	215,001	to	220,000	Shares	215,378
1	270,001	to	275,000	Shares	271,447
1	345,001	to	350,000	Shares	346,840
1	1,585,001	to	1,590,000	Shares	1,585,759
-----					-----
1,146					6,000,000
=====					=====

Shareholders' Category	Number of Shareholders	Shares held	Percentage
Individuals	1,128	3,045,966	50.77
Investment Companies	2	1,801,137	30.02
Insurance Companies	3	104,400	1.74
Joint Stock Companies	11	811,472	13.52
Others:			
Charitable Trust	1	148,975	2.48
Society	1	88,050	1.47
	-----	-----	-----
	1,146	6,000,000	100.00
	=====	=====	=====