

National Tanneries of Pakistan Limited

Annual Report 1999

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BOARD OF DIRECTORS

SH. ANWER IQBAL - Chief Executive

SH. ARSHAD IQBAL

SH. GHALIB JAVED

MRS. RAFIA KHANAM

MRS. TAHERA ARSHAD

MRS. NOOR US SABA

MRS. SAIMA ASIM

AUDITORS:

M/S. FAZAL MAHMOOD & COMPANY

Chartered Accountants

147-Shadman Colony-I, Lahore.

BANKERS:

ALBARAKA ISLAMIC BANK B.S.C. (E.C.)

HABIB BANK A. G. ZURICH

MUSLIM COMMERCIAL BANK LIMITED

UNITED BANK LIMITED

REGISTERED OFFICE & SHARES DEPARTMENT'

237-S Industrial Area, Kot Lakhpat
Township Scheme - Lahore.

FACTORIES

G. T. Road, Muridke/Khori
(District Sheikhpura)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 39th Annual General Meeting of the Shareholders of NATIONAL TANNERIES OF PAKISTAN LIMITED will be held at the Registered Office of the Company 237-S Industrial Area, Kot Lakhpat, Township Scheme, Lahore on Friday, 31st December, 1999 at 10.00 a.m.

AGENDA

1. To confirm the minutes of Annual General Meeting held on 31-12-1998, and extra-ordinary general meeting held on 7-6-1999.
2. To receive consider and adopt the Directors' and Auditors' reports and Audited Accounts for the year ended 30th June, 1999.
3. To approve payment of cash dividend @ Re. 1.00 per share i.e. 10% as recommended by the Directors.
4. To appoint Auditors for the financial year 1999-2000 and fix their remuneration.
5. To transact any other business with the prior permission of the Chairman.

The Share Transfer Books of the Company will remain closed from 25th December, 1999 to 31st December, 1999 (both days inclusive) for the purpose of determination for entitlement of Dividend.

By Order of the Board

Lahore :
27th November, 1999.

ANWAR-UL-HAQ
Company Secretary

NOTES :

1. A member entitled to attend and vote at this meeting may appoint another member as a proxy

to attend and vote instead of him. Proxies in order to be valid must be received at Registered Office of the Company not less than 48 hours before the meeting.

2. Shareholders are requested to notify the Company of change in their addresses immediately, if any.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of your company are pleased to present the 39th Annual Report alongwith audited accounts for the year ended 30th June, 1999.

The Directors of your company are pleased to report that export sales during the year under report increased to Rs. 170,516,323 as compared with previous year's export sales of Rs. 167,151,954 and profit before tax for the year increased to Rs. 3,719,175 as compared with previous year profit before taxation Rs. 3,453,374 and the Directors of the Company hope further increase in sales and profit in next year, Earning per share is Rs. 0.67 for the year under report.

The work for the millennium bug has been completed and the Company is year 2000 compliant.

The present Directors of the Company were elected for three years w.e.f. 9th June, 1999 at the Extra-ordinary General Meeting held on 7th June, 1999.

The Directors are pleased to recommend a cash dividend of Re. 1.00 per share (10%).

The current profit has been appropriated as under :-

	Rupees
Profit before taxation	3,719,175
Taxation	2,550,530

Profit/(Ioss) after taxation	1,168,639
Unappropriated profit brought forward	7,535,426

Total profit available for appropriation	8,704,065
 APPROPRIATED TO:	
Proposed dividend	1,749,600

Balance carried forward

6,954,465

=====

The management continued cordial and co-operative relations with the employees of the Company.
Pattern of shareholding is annexed.

By order of the Board

Lahore:
27th November, 1999.

SH. ANWER IQBAL
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of NATIONAL TANNERIES OF PAKISTAN LIMITED as at June 30, 1999 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 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 & loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1904, 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 statement of changes in financial position

(Cash Flow Statement), together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1999 and of the profit and the changes in financial position (cash flows), for the year then ended; and

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

Lahore · November 27, 1999.

FAZAL MAHMOOD & COMPANY
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1999

NOTE	1999 Rupees	1998 Rupees
CAPITAL AND LIABILITIES		
SHARE CAPITAL		
Authorised · 2,000,000 Ordinary shares of Rs. 10/- each	20,000,000	20,000,000
Issued; Subscribed and Paid up:	2	17,496,000
RESERVES		
Share premium account	3	8,748,000
Revenue reserve	4	24,000,000
Assets replacement reserve	5,000,000	5,000,000
Unappropriated profit	6,954,465	7,535,426
	44,702,465	45,283,426
DEFERRED LIABILITIES		
Deferred Taxation	5	1,045,500
CURRENT LIABILITIES		
Short term finances	6	119,047,815
Loan from directors and		114,940,054

their relatives	7	32,425,562	36,243,898
Creditors, Accruals and other Liabilities	8	22,954,356	24,207,844
Provision for taxation	9	1,155,000	1,060,000
Proposed dividend	10	1,749,600	2,624,400
		-----	-----
		177,332,333	179,076,196
CONTINGENCIES AND COMMITMENTS	11	--	--
		-----	-----
		240,576,298	242,901,122
		=====	=====

PROPERTY AND ASSETS**TANGIBLE FIXED ASSETS**

Operating assets	12	32,448,067	31,369,418
------------------	----	------------	------------

LONG TERM DEPOSITS

64,980	64,980
--------	--------

CURRENT ASSETS

Stores and spares	13	30,694,379	26,314,511
Stocks	14	158,196,190	161,903,887
Trade debtors	15	928,099	1,528,979
Advances, Deposits and other receivables	16	17,653,367	14,516,308
Cash and bank balances	17	591,216	7,203,039
		-----	-----
		208,063,251	211,466,724
		-----	-----
		240,576,298	242,901,122
		=====	=====

The above accounts should be read in conjunction with the annexed notes.

Lahore -
27th November, 1999.

SH. ANWER IQBAL
CHIEF EXECUTIVE

SH. ARSHAD IQBAL
DIRECTOR

	Note	1999 Rupees	1998
PROFIT AND LOSS ACCOUNT			
FOR THE YEAR ENDED JUNE 30, 1999			
Sales - Net	18	165,214,043	165,918,221
Cost of Sales	19	120,927,693	130,460,312
		-----	-----
GROSS PROFIT		36,286,350	35,457,909
Other income	20	64,507	106,599
		-----	-----
		36,350,857	35,564,508
Operating expenses			
Administrative	21	10,926,448	11,747,065
Auditors' remuneration	22	88,000	88,000
Selling and distribution	23	9,370,071	8,385,085
Financial	24	11,970,855	11,635,041
		-----	-----
		32,355,374	31,855,191
		-----	-----
OPERATING PROFIT		3,995,483	3,709,317
Deduction for other charges :			
Workers' profit participation fund		200,406	185,466
Workers' welfare fund		75,902	70,477
		-----	-----
		276,308	255,943
		-----	-----
PROFIT FOR THE YEAR		3,719,175	3,453,374
TAXATION			
Current	9	1,155,000	1,060,000
Prior		1,395,536	42,725
		-----	-----
		2,550,536	1,102,725
		-----	-----
PROFIT AFTER TAXATION		1,168,639	2,350,649
Previous year's balance brought forward		7,535,426	7,809,177

Profit available for appropriation		8,704,065	10,159,826
Appropriated to:			
Proposed dividend	10	1,749,600	2,624,400
Balance Carried to Balance Sheet		6,954,465	7,535,426

The above accounts should be read in conjunction with the annexed notes.

Lahore :	SH. ANWER IQBAL	SH. ARSHAD IQBAL
27th November, 1999.	Chief Executive	Director

**STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT)
FOR THE YEAR ENDED JUNE 30, 1999**

	1999 Rupees	1998 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,719,175	3,453,374
Adjustment for:		
Depreciation	3,603,697	3,358,297
Financial Charges	11,540,862	11,414,802
Loss/(Gain) on disposal of fixed assets	6,294	(94,692)
Profit before working capital changes	18,870,028	18,131,781
Adjustments for working capital changes ' (Increase)/Decrease in Current Assets		
Stores and spares	(4,379,868)	2,860,027
Stocks	3,707,697	(23,186,362)
Trade debtors	600,880	1,564,713
Advances, Deposits and Other receivables	(3,137,059)	(1,792,841)
	(3,208,350)	(20,554,463)

(Decrease)/Increase in Current Liabilities

Short Term Finances	4,107,761	16,630,506
Loan from directors and their relatives	(3,818,336)	4,171,662
Creditors, Accrued and other liabilities	(1,776,189)	4,706,898

-----	-----
(1,486,764)	25,509,066
-----	-----

Cash Generated from Operations	14,174,914	23,086,384
Financial charges paid	(11,070,104)	(10,866,998)
Income Tax Paid	(2,455,536)	(1,342,725)

-----	-----
(13,525,640)	(12,209,723)
-----	-----

Net Cash in flow from Operating Activities	649,274	10,876,661
--	---------	------------

=====	=====
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CASH FLOWS FROM INVESTING ACTIVITIES

Sales proceeds of fixed asset	125,000	105,000
Fixed capital expenditure	(4,813,640)	(3,351,230)

Net Cash (out flow) for Investing Activities	(4,688,640)	(3,246,230)
--	-------------	-------------

=====	=====
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CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid	(2,572,457)	(2,617,915)
---------------	-------------	-------------

-----	-----
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Net Cash (out flow) for financing activities	(2,572,457)	(2,617,915)
--	-------------	-------------

-----	-----
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NET (OUT FLOW)/IN FLOW OF CASH	(6,611,823)	5,012,516
CASH AT BEGINNING OF THE YEAR	7,203,039	2,190,523

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CASH AT END OF THE YEAR	591,216	7,203,039
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=====	=====
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Lahore :
27th November, 1999.

SH. ANWER IQBAL
Chief Executive

SH. ARSHAD IQBAL
Director

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

THE COMPANY AND ITS OPERATIONS

The Company is incorporated as a public limited company in Pakistan and is quoted on Lahore and Karachi Stock Exchanges in Pakistan and engaged principally in the business of manufacture of leather and leather garments.

NOTE

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Company's accounts are consistent with those of the previous year except where otherwise stated, and are as follows '

1.1 Provision for staff gratuity :

Provision for staff gratuity is not made as provident fund trust has been established since January, 1966. The provident fund scheme covers all the employees of the Company.

1.2 Taxation :

Provision for current taxation for the year is based on taxable income at the current rates of taxation after taking into account tax credits available on account of exports. The Company accounts for the deferred taxation on all material timing differences using the liability method, However, deferred tax is not provided if it can be established with reasonable probability that these timing differences will not reverse in the foreseeable future.

1.3 Foreign Currency Translation -

Assets and liabilities in foreign currencies are translated in Pak rupees at rates of exchange ruling on balance sheet date. Gains/Losses due to exchange fluctuations on principal loans/credits were previously transferred to the cost of plant and machinery acquired out of proceeds of such loans/credits. Exchange differences are charged/credited to income currently.

1.4 Fixed Assets :

i) Freehold land is stated at cost.

- ii) All other assets are stated at historical cost less accumulated depreciation, except plant and machinery which also includes the exchange difference in respect of foreign currency loan previously utilised for the acquisition of plant and machinery.
- iii) Depreciation is charged applying the reducing balance method.
- iv) Full year depreciation is charged in the year of purchase and no depreciation is charged in the year of disposal.
- v) Maintenance and normal repairs are charged to income as and when incurred.
- vi) Gains/losses on disposal of assets are included in the current income.

1.5 Stocks and stores:

The basis of valuation are as under :-

i) Stocks

Raw material	at cost (FIFO)
Work in process	at estimated cost
Finished goods	at lower of cost (FIFO) and net realisable value.

ii) Stores

Tanning material	at cost (FIFO)
Spares	at cost (FIFO)

1.6 Revenue Recognition :

Local sales are recognised as and when delivered. Export sales and rebates are recorded on actual realisation.

1.7 Cost :

These accounts have been prepared on the historical cost convention without any adjustment for effects of inflation or current value except the exchange loss due to variation in the conversion rate of foreign currency as referred in Note no. 1.3 and is included in the cost of assets acquired from the proceeds of the foreign currency loan in past.

1.8 Net Realisable Value :

It is determined on the basis of selling prices prevailing in the market less selling expenses

incidental to sales.

	1999	1998
	Rupees	Rupees
2. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
958,450 Ordinary shares of Rs. 10/- each fully paid in cash	9,584,500	9,584,500
791,150 Ordinary shares of Rs. 10 each issued as fully paid bonus shares	7,911,500	7,911,500
	-----	-----
	17,496,000	17,496,000
	=====	=====
3. SHARE PREMIUM ACCOUNT		
Premium @ Rs. 15 per share on 583,200 ordinary shares (right) fully paid in cash	8,748,000	8,748,000
	=====	=====
4. REVENUE RESERVE		
General Reserve	23,875,000	23,875,000
Dividend equalisation reserve	125,000	125,000
	-----	-----
	24,000,000	24,000,000
	=====	=====

4.a STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 1999

	Paid up ordinary share capital	Share premium	Revenue reserve	Assets replacement reserve	Un appropriated profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance at June 30, 1997	17,496,000	8,748,000	24,000,000	5,000,000	7,809,177	63,053,177
After tax profit for the						

year ended June 30, 1998	--	--	--	--	2,350,649	2,350,649
	-----	-----	-----	-----	-----	-----
	17,496,000	8,748,000	24,000,000	5,000,000	10,159,826	65,403,826
Dividends	--	--	--	--	(2,624,400)	(2,624,400)
	-----	-----	-----	-----	-----	-----
Balance at June 30, 1998	17,496,000	8,748,000	24,000,000	5,000,000	7,535,426	62,779,428
After tax profit for the year ended June 30, 1999	--	--	--	--	1,168,639	1,168,639
	-----	-----	-----	-----	-----	-----
	17,496,000	8,748,000	24,000,000	5,000,000	8,704,065	63,946,065
Dividends	--	--	--	--	(1,749,600)	(1,749,600)
	-----	-----	-----	-----	-----	-----
Balance at June 30, 1999	17,496,000	8,748,000	24,000,000	5,000,000	6,954,465	62,198,465
	=====	=====	=====	=====	=====	=====

1999
Rupees

1998
Rupees

5. DEFERRED TAXATION

Deferred Liability on accelerated
Tax Depreciation Allowance

1,045,500 1,045,500

=====

As the Company is being assessed under presumptive tax regime of the Income Tax Ordinance, 1979, thus no further provision for deferred taxation is required.

6. SHORT TERM FINANCES

From banking companies - Secured

119,047,815 114,940,054

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These represent the amount utilised out of the total credit facilities available to the Company which were Rs. 141.400 Million (1998 Rs. 135,300 million). Facilities not availed of at balance sheet date were Rs. 22.352 million (1998 Rs. 20.360 million).

Mark up rate on short term finances ranges between 22 to 57 paisas per thousand rupees per day.

The above facilities are secured as under :

- i) Hypothecation of stocks of finished/unfinished leather and chemicals.
- ii) Lien on export orders/LCs.
- iii) Lien on export bills.
- iv) Joint pari passu mortgage charge on fixed assets of the Company.
- v) Joint pari passu hypothecation charge over current assets.
- vi) Directors' personal guarantees.

	1999	1998
	Rupees	Rupees
7. LOAN FROM DIRECTORS AND THEIR RELATIVES - Unsecured	32,425,562	36,243,898
	=====	=====

This represents unsecured loan obtained from directors and their relatives, no mark up has been charged during the year.

8. CREDITORS, ACCRUALS AND OTHER LIABILITIES

Trade Creditors - unsecured	19,374,556	13,966,961
Accrued Expenses	573,227	484,186
Advance from customers	--	7,296,586
Accrued Mark-up on secured loans	2,456,414	1,985,656
Workers' welfare fund	75,902	70,477
Workers' profit participation fund	213,034	194,729
Unclaimed dividend	261,192	209,249
Zakat	31	--
	-----	-----
	22,954,356	24,207,844
	=====	=====

8.1 Workers' Profit Participation Fund

Opening balance	194,729	339,617
Add:		
Provision for the year including		

interest of Rs. 12,628 (1998 Rs. 9,262)	213,034	194,728
	-----	-----
	407,763	534,345
Less:		
Paid during the year	(194,729)	(339,616)
	-----	-----
	213,034	194,729
	=====	=====

9. PROVISION FOR TAXATION

Opening balance	1,060,000	1,300,000
Less:		
Adjusted during the year	(1,060,000)	(1,300,000)
	-----	-----
	--	--
Current provision	1,155,000	1,060,000
	-----	-----
	1,155,000	1,060,000
	=====	=====

10. PROPOSED DIVIDEND

10% on 1,749,600 ordinary shares of Rs. 10 each (1998 15% on 1,749,600 ordinary shares of Rs. 10 each)	1,749,600	2,624,400
	=====	=====

11. CONTINGENCIES AND COMMITMENTS

The Company is contingently liable against guarantees issued by UBL which amounts to Rs. 20,000 on June 30, 1999 (1998 Rs. 20,000).

The Company is contingently liable for excise duty amounting to Rs. 92,669/- payable to Al-Towfeeq Investment Bank Limited for which decision is pending before Honourable Lahore High Court.

12. OPERATING ASSETS

COST

DEPRECIATION

PARTICULARS	As on	Addition	As on	Rate	Accumulated	Charged	Accumulated	Written down
	7/1/1998	(deletions)	30.06.1999		Upto	for the	upto	value
	Rupees	Rupees	Rupees	%	7/1/1988	year	30.08.1999	as at
					Rupees	Rupees	Rupees	30.08.1999
								Rupees
Land. freehold	3,408,041	--	3,468,041		--	--	--	3,468,041
Factory building on freeh	18,102,459	2,500,000	20,602,459	10	12,399,198	820,328	13,219,524	7,382,835
Godown Building on freeh	761,430	--	761,436	5	355,009	20,321	375,330	386,106
Labour quarters	287,106	--	287,106	10	239,129	4,798	243,927	43,179
Plant and Machinery	50,661,485	527,500	51,188,985	10	31,702,080	1,042,091	33,704,771	17,484,214
Vehicles	5,593,749	1,758,000	6,050,899	20	3,563,998	731,291	3,925,733	2,925,166
		(500,850)			(369,556)			
Furniture and Fittings	733,591	28,140	761,737	10	476,616	28,512	505,128	256,609
Office Equipments	1,377,755	--	1,377,755	10	836,316	54,144	890,460	487,295
Weighing machines	110,256	--	110,256	10	94,120	1,014	95,734	14,522
Total Rs. 1999	81,095,884	4,813,640	85,408,674		49,720,406	3,003,897	52,980,807	32,448,067
		(500,850)			(380,556)			
Total Rs. 1998	77,894,654	3,351,230	81,095,884		40,507,801	3,358,207	49,728,488	31,369,418
		(150,000)			(139,692)			

12.a DISPOSAL OF OPERATING FIXED ASSETS

Particulars of Assets	Mode of Disposal	Sold to	Cost	Accumulated	Book	Sale
			Rupees	Depreciation	Value	Proceeds
			Rupees	Rupees	Rupees	Rupees
Vehicle						
Pajero LOC 7163	Negotiation	Aamir Bashir	500,850	369,556	131,294	125,000
		House # 16, Street # 10, Singh Pure, Lahore.				
			1999	1998		
			Rupees	Rupees		

13. STORES AND SPARES

Tanning material	23,817,399	20,714,473
Spares	6,876,980	5,600,038
	-----	-----
	30,694,379	26,314,511
	=====	=====

14. STOCKS

Raw Material	--	1,823,869
Work in process	136,260,295	141,555,897
Finished goods	21,935,895	18,524,101
	-----	-----
	158,196,190	161,903,887
	=====	=====

TRADE DEBTORS- Unsecured

Considered good	928,099	715,235
Due from associated undertaking (considered good)	--	813,744
	-----	-----
(Refer Note No. 25)	928,099	1,528,979
	=====	=====

16. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Advance to suppliers	7,192,884	2,079,120
Letters of credit	1,110,911	1,721,007
Advances to staff	422,369	418,140
Security deposits	88,110	88,110
Advance income tax	6,188,915	7,515,378
Sales tax adjustable/refundable	2,418,032	2,672,107
Other receivables - considered good	222,446	22,446
Prepayments	9,700	--
	-----	-----
	17,653,367	14,516,308
	=====	=====

17. CASH AND BANK BALANCES

Cash in hand	169,624	389,406
Cash at banks		
in current accounts	398,265	911,701
in foreign currency accounts	23,327	5,901,932

-----	-----
591,216	7,203,039
=====	=====

The conversion rate of Foreign Currency on June 30, 1999 was as follows ·

i) One US\$ is equal to Pak Rupees 51.60 (1998 US\$ 1 = Rs. 46.00).

18. SALES- Net

Export	170,516,323	167,151,954
Less:		
Commission	(6,878,403)	(2,112,888)
	-----	-----
	163,637,920	165,039,066
Local sales	1,576,123	879,155
	-----	-----
	165,214,043	165,918,221
	=====	=====

19. COST OF SALES

Opening stock	1,823,889	961,766
Purchases	65,624,130	98,276,371
	-----	-----
Raw Material available for Consumption	67,448,019	99,238,137
Closing stock	--	(1,823,889)
	-----	-----
RAW MATERIAL CONSUMED	67,448,019	97,414,248

Opening stock in process	141,555,897	103,763,132
Tanning materials consumed	39,997,724	37,984,408
Wages and benefits	3,430,073	2,909,915
Fuel and power	6,591,942	7,229,224
Other manufacturing expenses	19.1	7,246,756
	-----	-----
	201,151,763	159,133,435
	-----	-----
	268,599,782	256,547,683
Closing stock in process	(136,260,295)	(141,555,897)
	-----	-----
	132,339,487	114,991,786

Opening stock of finished goods	18,524,101	33,992,627
	-----	-----
	150,863,588	148,984,413
Closing stock of finished goods	(21,935,895)	(18,524,101)
	-----	-----
	128,927,693	130,460,312
	=====	=====

19.1 Other manufacturing expenses (spares) mainly consist of shaving and fleshing knives and grinding wheels, zips, buttons and other materials consumed of leather garments.

20. OTHER INCOME

Profit on Foreign Currency Account	70,801	11,907
(Loss)/Gain on disposal of fixed assets	(6,294)	94,692
	-----	-----
	64,507	106,599
	=====	=====

21. ADMINISTRATIVE EXPENSES

Directors' remuneration and allowances	21.1	522,000	522,000
Salaries and Allowances		2,863,313	3,712,518
Postage, telegram and telephone		763,002	886,959
Printing and stationery		208 579	93,503
Travelling and conveyance		647 606	578,760
Rent, rates and taxes		115 161	108,222
Repair and maintenance		1,019 512	1,139,475
Electricity, gas and water		84 248	161,100
Vehicle running		317 565	277,374
Legal and professional charges		70 860	36,000
Insurance		133 269	199,389
Entertainment		42 345	244
Fee, subscription and donation	21.2	90 228	105,665
Employees welfare		441 070	533,674
Miscellaneous		3 193	33.81
Depreciation		3,603 697	3,358,297
		-----	-----
		10,926,448	11,747,065

21.1 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

No.	1	1
Particulars of Chief Executive		
Remuneration	192,000	192,000
House Rent and Allowance	86,400	86,400
	-----	-----
	278,400	278,400
Provident Fund	17,400	17,400
Utilities	19,200	19,859
	-----	-----
	315,000	315,659
	=====	=====
No.	1	1
Particulars of Directors		
Remuneration	168,000	168,000
House Rent and Allowance	75,600	75,600
	-----	-----
	243,600	243,600
Provident Fund	15,228	15,225
Utilities	16,800	16,582
	-----	-----
	275,628	275,407
	=====	=====

i) In addition to the above benefits the chief executive and one director was given Company maintained car for official and private use. The Company paid for telephone charges for Chief Executive and one Director.

ii) None of the officers of the Company are paid basic annual salary of one hundred thousand or more, and therefore do not fall within the category of executives as defined by the Companies Ordinance, 1984.

21.2 None of the Directors or spouse thereof has any interest in the funds of donee.

22. AUDITORS' REMUNERATION

Audit fee	66,000	66,000
Provident fund trust	6,000	6,000
Out of pocket expenses	13,000	13,000
Workers' profit participation fund audit fee	3,000	3,000
	-----	-----
	88,000	88,000
	=====	=====

23. SELLING AND DISTRIBUTION EXPENSES

Shipping expenses	8,739,274	8,054,718
Packing and forwarding	448,953	34,990
Advertisement	160,240	293,437
Truck expenses	21,604	1,940
	-----	-----
	9,370,071	8,385,085
	=====	=====

24. FINANCIAL EXPENSES

Mark-up on short term borrowings	11,323,373	11,405,540
Bank charges	429,993	220,239
Interest on Workers' profit participation fund	12,628	9,262
Excise duty on loan	204,861	--
	-----	-----
	11,970,855	11,635,041
	=====	=====

25. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

i) Sale of Rs. Nil and purchase of Rs. Nil were made during the year to/from associated undertaking(s) (1998 sale of Rs. 813,744 and purchases Nil).

ii) Maximum amount due from associated undertakings on trading account at the end of any month during the year was Rs. 613,744 (1998 Rs. 1,023,862).

26. PLANT CAPACITY

The production capacity is not determinable due to proportion of products depending on stages and qualities of finished goods produced.

27. FIGURES

i) Figures have been rounded off to the nearest rupee.

ii) Previous year's figures have been re-arranged, where necessary for the purpose of comparison.

Lahore : **SH. ANWER IQBAL** **SH. ARSHAD IQBAL**
 27th November, 1999. Chief Executive Director

FOR M "A"**PATTERN OF HOLDINGS OF THE SHARES HELD BY THE SHAREHOLDERS
AS AT 30TH JUNE, 1999**

NO. OF SHARE HOLDERS	Shareholding FROM TO		TOTAL SHARES HELD	
	24	001	100	1,029
	146	101	500	31,061
	29	501	1,000	21,392
	45	1,001	5,000	72,956
	9	5,001	10,000	65,711
	4	10,001	15,000	47,773
	5	15,001	20,000	87,100
	10	20,001	25,000	220,528
	1	25,001	30,000	26,244
	1	30,001	35,000	34,813
	1	35,001	40,000	38,799
	1	40,001	45,000	41,041
	1	45,001	50,000	45,896
	1	50,001	55,000	53,748
	2	55,001	60,000	112,353
	10	60,001	180,000	849,156
	0	180,001	Above	--
	-----	-----	-----	-----
	290		T O T A L	1,749,600
	-----	-----	-----	-----

CATEGORIES OF

SHAREHOLDERS	NUMBERS	SHARES HELD PERCENTAGE	
Individuals	281	1,583,081	90.48
Investment Companies	2	30,249	1.73
Insurance Companies	--	--	--
Joint Stock Companies	6	129,466	7.40
Financial Institutions	1	6,804	0.39
Modaraba Companies	--	--	--
Others	--	--	--
	-----	-----	-----
TOTAL:	290	1,749,600	100.00
	-----	-----	-----