

Kohinoor Oil Mills Limited

Annual Report 1999

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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman MAJOR GENERAL (RETD.) IJAZ AMJAD
Nominee of Ghee Corporation of
Pakistan / Federal Government

**Chief Executive/
Managing Director** SHAMIM RAZA
Nominee of Ghee Corporation of
Pakistan / Federal Government

Directors MUHAMMAD ISLAM MUNAWAR
Nominee of Ghee Corporation of
Pakistan / Federal Government

MR. MUMTAZ HUSSAIN BALOCH
Nominee of Ghee Corporation of
Pakistan / Federal Government

MR. IMRAN AZIM
Nominee of National Investment
Trust Limited / Federal Government

MR. M. FAROOQUE SAIGOL
Elected

MR. ZIA A. SHEIKH
Elected

**Chief Accountant /
Company Secretary** IFTIKHAR AHMED JAVED

Auditors	AZHAR ZAFAR & CO. Chartered Accountants
Bankers	National Bank of Pakistan United Bank Limited Habib Bank Limited
Registered Office & Factory	G.T. Road, Kala Shah Kaku

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31st **Annual General Meeting** of the share-holders will be held at Kohinoor Oil Mills Ltd. G. T. Road, Kala Shah Kaku, Distt. Sheikhpura on Sunday, 30th January, 2000 at 11.00 A. M. to transact the following business:-

- i) To confirm the minutes of the last Annual General Meeting held on 30th December 1998.
- ii) To receive, consider and adopt the accounts of the Company for the year ended 30th June, 1999 together with the Auditors and Directors' Report, thereon.
- iii) To appoint Auditors and fix their remuneration for the year ended 30th June, 2000.
- iv) To transact any other lawful business with the permission of the Chair.

By order of the Board

Kala Shah Kaku
Dated: 21st December 1999

(IFTIKHAR AHMAD JAVED)
COMPANY SECRETARY

NOTE:

1. The member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. Proxies in order to be effective must be received by the Company not less than 48 hours before meeting.
2. Share Transfer books of the company will remain closed from 23rd January, 2000 to 30th January, 2000 (both days inclusive).
3. Share-holders are requested to promptly notify the Company, if any change in their addresses.

DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

The Directors of the Company welcome you to the 31st Annual General Meeting of the Company and present their report alongwith audited balance sheet as on June 30, 1999, Profit & Loss Account and Financial Statement for the period ended on that date.

During the period under report there was no production of Vegetable Ghee as operation of the company had been closed since August 1997 under the order of the Government of Pakistan for its privatisation. The company sustained a loss of Rs. 53,506 million as compared to the previous year loss of Rs. 214,876 million which is mainly due to fixed cost. The major break up of the loss is as follows:-

i) Administrative Expenses	Rs. 3.833 Million
ii) Financial Charges	Rs. 36.216 Million
iii) GCP, Service Charges	Rs. 2.284 Million

TOTAL	Rs. 42.333 Million
	=====

The administrative expenses have been curtailed from Rs. 16.546 Million to Rs. 6.117 Million (63%) during the year under review. Presently the company engaged skeleton staff of ten persons. The Security arrangement have been given to M/s. Yennissaries Security (Pvt) Limited under contract.

The financial charges have also been decreased from Rs. 167.287 million to Rs. 36.216 million, 78.35% over the last year.

The Auditors of the Company have reported that certain balances of the Debtors and Creditors of the Company have remained unconfirmed and have recommended that the debit balances and the NBP, Pindi embezzled amount of Rs. 4.241 million, which are overdue for many years should be written off or atleast provided for. The case of the embezzled amount at NBP, Pindi, has been referred to FIA and the FIR lodged with the Ferozewala Police Station and the Management feel not to provide for embezzled amount.

The Company is on the list of privatisation. It is expected that in near future it would be privatized by the Privatization Commission.

ON BEHALF OF THE BOARD OF DIRECTORS

(SHAMIM RAZA)
**CHIEF EXECUTIVE/
 MANAGING DIRECTOR**

Dated: 21st December, 1999

AUDITORS' REPORT TO THE MEMBERS

We have examined the annexed Balance Sheet. of KOHINOOR OIL MILLS LIMITED as at June 30, 1999 and the related Profit and Loss Account and Cash Flow Statement, together with notes forming part thereof for the year then ended and we report that:

The Company is not a going concern as its capital has been completely wiped out

due to accumulated losses, closure of operations as well as excess of current liabilities over its current assets. The revival of its status as a going concern is solely dependent upon Ghee corporation of Pakistan's providing financial support which we feel may not be forthcoming due to Government of Pakistan's policy of privatisation. Consequently adjustments may be required to the recorded assets and liabilities amount. The financial statements together with the notes do not disclose this fact;

Except for the above and the effect of notes 6.1, 6.2, 9.2, 10.1, 11.1, 12.1, 12.2, 12.4, 16.2, and in particular note 13.1 where in the case of National Bank of Pakistan, Namak Mandi Branch Rawalpindi, no provision has been made in the accounts for the embezzled amount of Rs. 4,110,638, we state that we have obtained all the informations 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 the 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 the best of our information and according to the explanations given to us, the Balance sheet and Profit and Loss Account, and Cash Flow Statement together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 1999 and of the loss for the year then ended; and

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

LAHORE:
21st December, 1999

AZHAR ZAFAR & CO.
Chartered Accountants

BALANCE SHEET AS AT 30 JUNE, 1999

Note

1999

1998

		<i>RUPEES</i>	<i>RUPEES</i>
CAPITAL & LIABILITIES			
SHARE CAPITAL			
Authorised:			
2,000,000 Ordinary Shares			
of Rs. 10 each		20,000,000	20,000,000
		=====	=====
Issued, subscribed & paid up	3	5,239,160	5,239,160
Accumulated loss		(1,230,223,721)	(1,176,718,166)
		-----	-----
		(1,224,984,561)	(1,171,479,006)
CURRENT LIABILITIES			
Due to Government Of Pakistan	4	23,524,000	23,524,000
Due to Ghee Corporation of Pakistan (Pvt.) Limited	5	1,245,289,494	1,192,716,356
Creditors, Accrued & Other Liabilities	6	2,332,779	6,082,035
Unpaid statutory guaranteed return		--	75,828
Gratuity Payable		--	324,660
		-----	-----
		1,271,146,273	1,222,722,879
CONTINGENCIES & COMMITMENTS			
	7		
		-----	-----
		46,161,712	51,243,873
		=====	=====
ASSETS			
FIXED ASSETS			
At cost less Accumulated depreciation	8	4,650,335	5,156,596
LONG TERM SECURITY DEPOSITS			
		73,129	73,129
CURRENT ASSETS			
Stores & Spares	9	5,652,705	5,652,705
Stock in Trade	10	3,111,345	3,154,825
Trade Debtors	11	3,372,137	3,393,373
Advances, Deposits, Prepayments			
& Receivables	12	24,864,727	28,373,198
Bank Balances	13	4,437,334	5,440,047
		-----	-----
		41,438,248	46,014,148
		-----	-----
		46,161,712	51,243,873
		=====	=====

The annexed notes form an integral part of these accounts

LAHORE:

21st December, 1 999

Chief Executive

Director

AZHAR ZAFAR & CO.

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

	<i>Note</i>	<i>1999 RUPEES</i>	<i>1998 RUPEES</i>
SALES - Net	14	--	44,906,835
COST OF SALES	15	--	62,458,932
		-----	-----
GROSS LOSS		(17,552,097)	--
OPERATING EXPENSES			
Administrative & General	16	6,117,089	16,545,552
Selling & Distribution	17	--	308,537
		-----	-----
		6,117,089	16,854,089
OPERATING LOSS		(6,117,089)	(34,406,186)
OTHER INCOME	18	166,275	473,898
		-----	-----
		(5,950,814)	(33,932,288)
FINANCIAL CHARGES	19	(36,216,617)	(167,287,582)
		-----	-----
		(42,167,431)	(201,219,870)
Extra Ordinary item; Loss of stock due to flood		--	(1,862,981)
		-----	-----
LOSS BEFORE TAXATION		(42,167,431)	(203,082,851)
TAXATION			
Income Tax-Current Year		--	224,883
Income Tax-Prior Years		--	4,265,786
		-----	-----
		--	4,490,669
LOSS AFTER TAXATION		(42,167,431)	(207,573,520)
Prior Year's Adjustments	20	11,338,124	7,302,611
		-----	-----
		(53,505,555)	(214,876,131)
ACCUMULATED LOSS-Brought Down		(1,176,718,166)	(961,842,035)
		-----	-----
ACCUMULATED LOSS - Carried to Balance Sheet		(1,230,223,721)	(1,176,718,166)
		=====	=====

The annexed noted form an integral part of these accounts.

Director

Chief Executive

**AZHAR ZAFAR & CO.,
Chartered Accountants**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 1999**

	<i>1999</i> <i>RUPEES</i>	<i>1998</i> <i>RUPEES</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Loss after taxation	(42,167,431)	(207,573,519)
Adjustment for Items not involving movement of cash:		
Depreciation	506,262	452,872
Prior Year's Adjustments	(11,338,124)	(7,302,611)
	-----	-----
	(52,999,293)	(214,423,259)
	-----	-----
(Increase)/Decrease in Current Assets		
Stores & Spares	--	341,610
Stock in Trade	43,480	38,587,447
Trade debtors	21,236	--
Advances, Deposits, Prepayments & receivables	3,508,471	2,040,523
	-----	-----
	3,573,187	40,969,580
	-----	-----
Increase/(Decrease) in Current Liabilities		
Due to Ghee Corporation of Pakistan (Pvt.) Limited	52,573,138	--
Creditors and accrued Liabilities	(3,749,256)	173,216,296
Un paid Statutory Guaranteed return	(75,828)	--
Gratuity Payable	(324,660)	--
	-----	-----
	48,423,394	173,216,296
	-----	-----
NET CASH FLOW FROM OPERATING ACTIVITIES	(1,002,712)	(237,383)
	-----	-----
CASH FLOW FROM INVESTING ACTIVITIES		
Additional to fixed Assets	--	(10,150)
NET CASH FROM INVESTING ACTIVITIES	--	(10,150)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT	(1,002,712)	(247,533)
	=====	=====
CASH EQUI)	5,440,047	5,687,580
CASH EQUIVALENTS AT THE END	4,437,335	5,440,047
	=====	=====

Director

Chief Executive

AZHAR ZAFAR & CO.
Chartered Accountants

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE, 1999

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in 1968 as a Private Limited Company and than converted into a Public Company in 1971. its shares are quoted on stock exchanges in Pakistan. It is principally engaged in the production and sale of vegetable ghee and extraction of oil through Solvent Plant, and laundry soap as its by-product.

The company ceased its operations in September 1997 resulting in no production/sales during the year. Now all the workers and officers with the exception of three (3) employees have been relieved after settlement of their terminal benefits.

2. SIGNIFICANT ACCOUNTING POLICES

2.1 Accounting Convention

These accounts have been prepared under the historical cost convention.

2.2. Staff retirement benefits

The Company operated a contributory provident fund for all its permanent employees and' contributions based on salaries were made monthly to cover the obligation. The Company also operated funded gratuity scheme for its employees which was provided for on completion of qualifying period. Provision is made annually to cover the obligation as following:-

Officers	30 day for each completed year of service.
Workers	30 days for each completed year of service with effect from 1996-97. The scheme of gratuity for workers was made effective since July 01, 1976

2.3 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation except capital work in progress which is stated at cost.

Depreciation is charged to income applying the reducing balance method at rates given in note No. 8 as per company's policy.

No depreciation is provided on assets in the year of disposal/retirement, while full year's depreciation is charged in the year of purchase.

Minor repairs and replacements are charged to current income. Major renewals and replacements are capitalized.

Fully depreciated assets are retained in books at a token value of Rs. 1/-

Gain and losses on disposal of assets are charged to profit and Loss Account.

2.4 Taxation

The Company provide income tax liability on the basis of taxable income, if

any. However no tax liability u/s 80-D of the Income Tax Ordinance, 1979 has been provided due to no turn over during the year.

Tax credits and brought forward losses are recognized for arriving at taxable income. The Company does not account for deferred taxation arising due to major timing differences.

2.5 Stores and spares

These are valued at moving average cost computed on monthly basis.

2.6 Stock in trade

a) Valuation basis are as follows:

Raw Material	---	at moving average cost
Raw material in transit	---	at invoice price
Work-in-process	---	at manufacturing cost
Finished goods		
vegetable ghee & Oil	---	at lower of cost and net realizable value
By-products	---	at selling price
Packing material	---	at moving average cost

Scrap is accounted for at the time of sale.

b) Cost in relation to work in process and finished goods represent annual average manufacturing cost which consists of prime cost and appropriate production overheads.

Net realizable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to effect such sale.

2.7 Revenue recognition

Sales are recorded on despatch of goods to customers.

	<i>1999</i> <i>RUPEES</i>	<i>1998</i> <i>RUPEES</i>
3. ISSUED, SUBSCRIBED & PAID UP CAPITAL		
Issued for .cash:		
8 Ordinary shares of Rs. 10/- each	80	80
Issued for consideration other than cash:		
523,908/- Ordinary shares of Rs.10/- each fully paid.	5,239,080	5,239,080
	=====	=====
	5,239,160	5,239,160
	=====	=====
4. DUE TO GOVERNMENT OF PAKISTAN	23,524,000	23,524,000
	=====	=====

4.1 This represents a loan amount of Rs. 23,524,000/- payable to National Bank of Pakistan which was picked up by the Federal government vide D.O.# 17 (21)EF/89-90/1515 dated November. 03,1999 issued by the Ministry of Finance. The Government intends to recover the same from the privatisation of the Unit.

4.2 No Interest has been provided on the said amount.

5. DUE TO GHEE CORPORATION OF PAKISTAN (PVT) LIMITED

GCP, Lahore Office	1,245,289,494	534,689,649
GCP, Karachi Office	--	658,026,707
	-----	-----
	1,245,289,494	1,192,716,356
	=====	=====

5.1 GCP Karachi Office balance had been transferred to GCP Lahore Office account during the Year.

1999
RUPEES

1998
RUPEES

6. CREDITORS, ACCRUED & OTHER LIABILITIES

Payable to Associated undertakings	6.1	49,444	228,810
Payable to Suppliers	6.2	758,748	708,309
Accrued Expenses		161,038	179,877
Advance from Customers & Contractors	6.2	426,281	400,594
Security deposit-interest free	6.2	679,513	992,494
Tax deducted at Source		233,846	296,033
Others		23,909	121,735
Income Tax Payable		--	3,154,183
		-----	-----
		2,332,779	6,082,035
		=====	=====

6.1 It includes a balance of Rs. 44,678 due to ex-associated undertakings which have already been privatised.

6.2 Balance remained unconfirmed.

7. CONTINGENCIES AND COMMITMENTS

7.1 Kohinoor Industries Limited (Ex-associated undertaking) claimed Rs. 8,168,048/- on account Of balance of current accounts of ex-associates and interest thereon upto June 30,1988 which was not accepted by the company as debt. However, Kohinoor Industries Limited (ex-associated undertaking) filed a suit for recovery of Rs. 11,528,241 in the civil court, on the grounds that this claim under section 19 of the H.V.O.I. (control and development) Act 1973 does not fall on the company. The case is being contested by the company. No progress, has been reported.

7.2 M/S United Investment Limited, Lahore filed a suit for declaration, possession and injunction alongwith recovery as compensation of Rs. 1,500,000/- for use and occupation of company's land, in the court of Civil Judge Sheikhupura, with effect from June 12, 1988 till the date of filing of suit at the rate of Rs. 500,000/- per annum. The claim was not accepted by the company. subsequently, the case was transferred in the court of Senior Civil Judge, Lahore on October 19, 1994 and is pending for decision. This note is to be read alongwith Note # 8.2

7.3 Tax department has raised an additional demand of Rs. 6,292,015/-/U/s 62 of the Income Tax Ordinance, 1979 for the assessment Year 1995-96 which has not been acknowledged as debt. An appeal against the orders of DCIT has been filed before CIT Appeals Zone-I Lahore, which is pending.

7.4. The Company issued the following Bank guarantees;

7.4.1 Bank Guarantee of Rs. 458,740/- in favour of Employee's Old Age Benefit Institution against their claim of contributions attributable to various contractor's Labourers from July 1986 to June 30, 1989. The appeal is pending in the Board of Trustees, Employees Old Age Benefits Institution, Karachi. Arguments in connection with the appeal were completed and the decision is awaited.

7.4.2 Bank Guarantee. of Rs. 497,741/-in favour of Punjab Employee's Social Security Institution towards Security Contribution of company during the financial years 1987-88 and 1988-89. The appeal before the social. security Court Punjab, Lahore is pending for decision.

8. FIXED ASSETS

	<i>COST</i>			<i>Rate %</i>	<i>DEPRECIATION</i>			<i>Written Down Value</i>
	<i>As at 01-07-1998</i>	<i>Additions/ (Deletions) during the year</i>	<i>As at 30-06-1999</i>		<i>As at 01-07-1998</i>	<i>For the year</i>	<i>As at 30-06-1999</i>	<i>As at 30-06-1999</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	
BUILDING AND ROADS								
Oils Mills	3,751,502	--	3,751,502	10	3,526,867	22,462	3,549,329	202,174
Ghee Mills	7,246,911	--	7,246,911	10	6,475,408	77,150	6,552,558	694,353
Residential	1,004,116	--	1,004,116	5	643,774	18,017	661,791	342,325
Roads	172,666	--	172,666	5	116,803	2,793	119,596	53,070
PLANT & MACHINERY								
Oils Mills	9,908,351	--	9,908,351	10	8,934,826	97,353	9,032,179	876,173
Ghee Mills	11,309,014	--	11,309,014	10-12	9,312,052	199,696	9,511,748	1,797,266
Soapry Equipment	365,365	--	365,365	10	297,463	9,790	307,253	58,117
Furniture & Fixture	136,711	--	136,711	10	117,054	1,966	119,020	17,691
Tools & Consumable	968,541	--	968,541	10-25	860,036	13,021	873,057	95,484
Electrical Fittings	2,093,487	--	2,093,487	10	1,606,973	48,651	1,655,674	437,863
Office Equipment	310,533	--	310,533	15	253,025	8,626	261,651	48,882

Vehicles	443,299	--	443,299	20		409,619	6,736	416,355	26,944
TOTAL Rs. 1999	37,710,496	--	37,710,496			32,553,900	506,261	33,060,161	4,650,335
TOTAL Rs. 1998	37,700,346	10,150	37,710,496	--		32,101,028	452,872	32,553,900	5,156,596

8.1 The depreciation for the year has been allocated as under:--

	1999 Rupees	1998 Rupees
Cost of sales	--	424,593
Administrative Expenses	506,261	28,279
	-----	-----
	506,261	452,872
	=====	=====

8.2 Cost of land is not appearing in the books of account. The additional Commissioner (Revenue) Lahore in his orders dated December 15, 1991 has restored the mutation attested in the name of Company on 17th February 1988 as a result of an appeal filed by the Company. The mutation was earlier set aside by the assistant commissioner, Ferozwala in his orders dated July 31, 1991 as a consequence of a case filed by M/S United Investment Limited, Lahore. However, United Investment Limited filed an appeal against judgement of additional commissioner on February 25, 1992. before the Member (Judicial I) Board of revenue, Lahore. The decision by the Member (Judicial I) Board of Revenue is pending. This note is to be read alongwith note 7.2

8.3 The entity has stopped its operations since September 1997. Depreciation on non operating assets has been provided by the Management against the practice of no provision on such non operating assets.

	1999 Rupees	1998 Rupees
9. STORES AND SPARES		
Stores	2,211,765	2,211,765
Spares	1,597,890	1,597,890
Loose tools	1,843,050	1,843,050
	-----	-----
	5,652,705	5,652,705
	=====	=====

9.1 Stores and Spares do not include any items for capital expenditure

9.2 No provision for obsolete and slow moving items has been made in these accounts

10. STOCK IN TRADE

Raw Materials			
Oil		--	--
Soap Stock		--	--
		-----	-----
Work in Process		--	--
		-----	-----
Finished Goods		--	--
Ghee	10.1	130,313	130,313
Soap		--	43,480
		-----	-----
		130,313	173,793
Packing Material	10.1	2,981,032	2,981,032
		-----	-----
		3,111,345	3,154,825
		=====	=====

10.1 Ghee & Packing Material includes substantial amount of damaged stock, for which no provision has been made in these accounts.

11. TRADE DEBTORS

		<i>1999</i>	<i>1998</i>
		<i>RUPEES</i>	<i>RUPEES</i>
These are unsecured and classified as under:			
Considered Good	11.1	3,372,137	3,393,373
Considered doubtful		847,402	847,402
		-----	-----
		4,219,539	4,240,775
Provision for doubtful debts		(847,402)	(847,402)
		-----	-----
		3,372,137	3,393,373
		=====	=====

11.1 Balances remained unconfirmed and are doubtful of recovery, which however, have not been provided for in these accounts.

12. ADVANCES, DEPOSITS, PREPAYMENTS & RECEIVABLES

Due from associated Undertakings	12.1	1,006,513	1,087,984
Advances to Staff		--	380,914
Advances to Suppliers		2,136,332	2,235,677
Sales Tax Refundable	12.2	8,490,494	8,357,880
Pre-Payments & Claim receivables		547,738	547,738
Tax Paid u/s 52	12.3	4,881,094	4,881,094
Tax Deducted at source		3,854,044	10,815,575
Advance Tax (turn-over)		3,807,347	--

Others	74,829	--
Margin Deposit with NBP/UBL	956,481	956,481
	-----	-----
	25,754,872	29,263,343
Provision for doubtful accounts	(890,145)	(890,145)
	-----	-----
	24,864,727	28,373,198
	=====	=====

12.1 This amount includes Rs. 984,198/- due from ex-associates undertakings which have already been privatised & is doubtful of recovery.

12.2 This amount was paid as sales tax on import of packing materials. The Company claims that amount is refundable but the claim is not acknowledged by the central excise & Sales Tax Department, which contends that this amount is adjustable against any sales tax levied on the Company.

12.3 The tax department had recovered a sum of Rs. 4,881,094/- against impugned proceedings u/s 52 against which an appeal was filed with the CIT (Appeals), who gushed the orders of the assessing Officer and remanded him back for denova assessment.

12.4 The above Balances remained unconfirmed

13. BANK BALANCES

	<i>1999</i> <i>RUPEES</i>	<i>1998</i> <i>RUPEES</i>
NBP WAPDA HOUSE -2676	1,947	157,535
NBP WAPDA HOUSE -CF-18-3	--	(80,094)
UBL KALA SHAH KAKU	1,256	561,145
NBP SHAHDARA	--	--
RDFC DAVIS ROAD	9,457	560,267
MCB ZIA ABAD KSK	183,250	(220)
NBP MUNICIPAL COMMITTEE PESHAWAR	100	90
NBP NAMAK MANDI RAWALPINDI 13.1	4,241,324	4,241,324
	-----	-----
	4,437,334	5,440,047
	=====	=====

13.1 The case of the embezzled amount of Rs. 4,110,638 has been referred to FIA.

13.2 All the balances remained unconfirmed.

14. SALES

GROSS SALES	--	44,976,546
Less: sales Tax	--	69,711
	-----	-----
Net Sales	--	44,906,835
	=====	=====

	<i>1999</i>	<i>1998</i>
	<i>RUPEES</i>	<i>RUPEES</i>
15. COST OF SALES		
Raw Material consumed	15.1	6,484,069
Packing Materials	--	2,546,840
Stores & spares	--	310,800
Salaries, Wages & Benefits	--	18,400,879
Fuel	--	653,870
Power	--	1,162,909
Repairs & Maintenance	--	10,842
Insurance	--	138,416
Travelling & Motor Running	--	323,956
Depreciation	--	424,593
Other Manufacturing Expenses	--	76,570
	-----	-----
WORK IN PROCESS	--	30,533,744
Opening Balance	--	10,415,632
Closing Balance	--	--
	-----	-----
Cost of Goods manufactured	--	40,949,376
	=====	=====
FINISHED GOODS		
Opening Balance	173,794	21,683,350
Closing balance	(173,794)	(173,794)
	-----	-----
Cost for goods Sold	--	62,458,932
	=====	=====
15.1 RAW MATERIAL CONSUMED		
Opening stock	--	6,484,069
Purchases	--	--
Process Loss Transferred	--	--
	-----	-----
	--	6,484,069
	=====	=====
	<i>1999</i>	<i>1998</i>
	<i>RUPEES</i>	<i>RUPEES</i>
16. ADMINISTRATIVE & GENERAL EXPENSES		
Director's Remuneration	327,936	197,979
Salaries, Wages & Benefits	1,659,255	10,109,603
Printing. & Stationery	47,967	78,239
Telephone, Postage & Telegram	101,491	165,577
Travelling & Conveyance	108,943	117,622

Rent & Rates & Taxes		23,722	40,461
Newspaper & Periodicals		9,958	12,210
Legal & Professional charges		121,360	77,345
Auditor's Remuneration	16.1	10,000	35,200
Vehicle Running & Maintenance		93,202	159,767
Repair & Maintenance		47,029	78,149
Depreciation	8.1	506,262	28,279
GCP management Charges	16.2	2,284,000	5,000,000
Advertisement & Publicity		31,860	16,666
Electricity Charges		471,050	305,439
Insurance		226,020	--
Other Expenses		47,034	123,016
		-----	-----
		6,117,089	16,545,552
		=====	=====

16.1 Auditor's remuneration

Statutory audit fee		10,000	20,000
Tax Consultancy Fee		--	5,200
Fee for other services		--	5,000
Out of Pocket expenses		--	5,000
		-----	-----
		10,000	35,200
		=====	=====

16.2 Management charges of GCP have been debited to the unit being its share of management expenses. No basis, however, has been made available

16.3 Administrative expenses are further classified as follows.

Fixed expenditure		2,684,261	10,611,521
Running expenditure		3,432,828	5,934,031
		-----	-----
		6,117,089	16,545,552
		=====	=====

1999
RUPEES

1998
RUPEES

17. SELLING & DISTRIBUTION EXPENSES

Freight, Octroi & cartage		--	248,558
Vehicle Running & Maintenance		--	20,247
Others		--	39,732
		-----	-----
		--	308,537
		=====	=====

18. OTHER INCOME

Sale of Scrap & Stores		--	10,000
Interest on Employee's Loans		--	11,490
Unclaimed Balances written back		77,337	283,093

Interest on Bank Account	86,624	168,751
Others	2,314	564
	-----	-----
	166,275	473,898
	=====	=====

19. FINANCIAL CHARGES

Interest-Ghee Corporation of Pakistan (Pvt) limited	36,213,241	167,268,105
Bank Charges	3,376	19,477
	-----	-----
	36,216,617	167,287,582
	=====	=====

20. PRIOR YEAR'S ADJUSTMENTS

Mark-up & Excise Duty	11,410,031	5,513,815
Price differential	--	446,346
Labour Charges	--	502,190
Freight & loading charges-Oil Claim	(374,136)	840,260
GCP Management Charges	295,000	--
Administrative expenses	7,229	--
	-----	-----
	11,338,124	7,302,611
	=====	=====

21. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Sales	--	397,900
Purchases	--	--
Interest on GCP Account	36,213,241	167,268,105
Management charges	2,579,000	5,000,000
	-----	-----
	38,792,241	172,666,005
	=====	=====

22. DIRECTOR'S REMUNERATION

	<i>MANAGING</i>	<i>DIRECTOR</i>	<i>OTHER</i>	
	<i>1999</i>	<i>1998</i>	<i>DIRECTORS</i>	<i>1998</i>
			<i>1999</i>	
Remuneration	174,744	101,934	--	--
House Rent	115,836	64,571	--	--
Utilities	6,000	13,083	--	--
provident Fund	14,556	8,491	--	--
Entertainment	8,400	4,900	--	--
Meeting Fee	--	--	--	1,500
Others	8,400	3,500	--	--
	-----	-----	-----	-----
	327,936	196,479	--	15,000

=====

	<i>1999</i> <i>RUPEES</i>	<i>1998</i> <i>RUPEES</i>
23. CAPACITY AND PRODUCTION		
Vegetable Ghee Plant		
Rated capacity (330 days)	27,200	27,200
Actual Production	--	441
Solvent extraction Plant		
Rated capacity (330 days)	33,000	33,000
Actual production	--	--
REASON FOR NIL PRODUCTION	--	--

The production operations have been closed in the light of decision by the Ministry of Industries and Production, Government of Pakistan due to impending privatisation process.

24. GENERAL

24.1 Figures have been rounded off to the nearest rupee.

24.2 Figures of previous year are re-arranged wherever necessary for the purpose of comparison.

Director

Chief Executive

**AZHAR ZAFAR & CO.,
Chartered Accountants**

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS AT JUNE 30 1999

<i>NO. OF SHARE HOLDERS</i>		<i>SHARES HELD</i>			<i>TOTAL NO. OF SHARES</i>
1057	From	1	to	100	25051
64	From	101	to	500	14380
19	From	501	to	1000	15099
61	From	1001	to	5000	118686
1	From	5001	to	10000	9355
2	From	10001	to	15000	24563
1	From	20001	to	25000	21145
1	From	55001	to	60000	56734
1	From	235001	to	240000	238903

1207

523916

=====

=====

<i>SR. NO.</i>	<i>CATEGORIES OF SHARES HOLDERS</i>	<i>NO. OF SHARES HOLDERS</i>	<i>NO. OF SHARES</i>	<i>PERCENTAGE</i>
1.	Individuals	1145	158529	30.26
2.	Investment Companies	12	26744	5.10
3.	Insurance Company	6	23724	4.53
4.	Joint Stock Companies	16	254606	48.60
5.	Financial Institutions	19	60248	11.50
6.	Administrator Abandoned	9	65	0.01
		-----	-----	-----
		1207	523916	100.00
		=====	=====	=====