

Souvenir Tobacco Company Limited
Annual Report 2000

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BOARD OF DIRECTORS

Chairman

SADRUDDIN LAKHANI

Managing Director

SHAD ALI KHAN

Directors

DILAWAR KHAN

AZAM KHAN

MUHAMMAD RAZA SHAH

MAHMOOD SHAIKH

AMEER MUHAMMAD KHAN

Secretary

S. A. SALIM

Auditors

GANGAT & CO.

Chartered Accountants

Registered Office

F-102/1, Khayaban-e-Roomi,
Block-7, Clifton,
Karachi - 75600

NOTICE OF MEETING

NOTICE is hereby given that Thirty Ninth Annual General Meeting of the Company will be held on Monday the 30th Dec, 2000 at 11:00 A.M. at NAUBAHAR HALL, near Passport Office, Shahrah-e- Iraq, Saddar, Karachi to transact the following business.

1. To confirm the Minutes of the last Annual General Meeting of the Company held on 08-05-2000.
2. To receive, consider and approve the Audited Accounts for the year ended 30th June, 2000 and Director's report thereon.
3. To appoint Auditors for the ensuing year and fix their remuneration.
4. To transact any other ordinary business of the Company with Permission of the Chairman.

BY ORDER OF THE BOARD

(S. A. SALIM)
Company Secretary

Karachi: Dec, 4-2000.

N.B.

1. The Share Transfer Books of the Company will be closed from 21-12-2000 to 30-12-2000 (both days inclusive). Transfers received in order at the Registered Office of the Company by 2.00 P.M. on 20-12-2000 will be treated in time.
2. A member entitled to attend and vote at this meeting may appoint any person, as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective, must be received by the Company not less than 96 hours before the Meeting. Such proxy should be a member of the Company.

DIRECTORS REPORT

The Directors of your company are pleased to present their Annual report together with the Audited Accounts for the year ended 30th June, 2000.

The Financial result during the year under review has shown significant improvement as compared to previous year mainly on account of higher sales volume and lower incidence of Central Excise due to adjustment in the lower slab of CED structure announced in 1999-2000 budget.

Both production and turnover showed considerable growth as compared to last year, resulting in higher profitability and higher Government Revenues.

The market is witnessing a fierce and cut throat price war between the multinational

companies who are enjoying a virtual monopoly in the higher and middle segment brands. They have reduced prices of their well established brands by almost 100% and are backing it with extensive and expensive promotion schemes. The smaller companies do not have the resources and capacity to counter this ruthless competition and are loosing their market share. This certainly calls for corrective measures by the Government for survival of the smaller units.

As a consequence of the above, sales of your company has shown a declining trend in the first half of the current year and we anticipate a difficult and challenging year.

We are pleased to inform you that all our issues and disputes with the banks have been settled amicably and we wish to express our sincere gratitude to all the concerned banks for the co-operation and support extended to us.

In view of accumulated losses, no dividend is recommended.

The Directors wish to place on record their appreciation for the co-operation and loyal services rendered by the employees of the company.

The Auditors M/s. Gangat & Co. Chartered Accountants retire and offer themselves for re-appointment.

Statement of pattern of shareholders is enclosed.

On behalf of the Board of Directors

SADRUDDIN LAKHANI
Chairman

Karachi · Dec - 04-2000

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance sheet of Souvenir Tobacco Company Limited as at June 30, 2000 and the related Profit and Loss Account, Cash Flow Statement and Statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statement are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the

accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that

a) 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 Accounts together with 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, together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2000 and of the profit/loss for the year then ended; and

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

Karachi · Dec - 04-2000

GANGAT & CO.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2000

CAPITAL AND LIABILITIES	Note	<i>JUNE 30, 2000 Rupees</i>	<i>JUNE 30, 1999 Rupees</i>
SHARE CAPITAL AND RESERVES			
Authorised 5,000,000 (1999: 5,000,000) Ordinary shares of Rs. 10/- each		50,000,000	50,000,000
Issued, subscribed and paid up capital		20,115,260	20,115,260
Accumulated loss		(35,913,643)	(53,479,800)
		(15,798,383)	(33,364,540)
SURPLUS ON REVALUATION OF FIXED ASSETS		15,003,937	15,003,937
LONG TERM LOANS	4	34,725,998	46,041,998
DEFERRED LIABILITIES			

Provision for gratuity		2,695,303	2,101,434
CURRENT LIABILITIES			
Short term borrowings/finances	5	25,620,847	42,701,313
Sponsors' loan from Directors and family members	6	429,000	1,179,000
Current portion of long term liabilities	7	7,047,388	16,049,980
Creditors, accrued & other liabilities	8	68,030,433	46,219,080
Taxation		702,107	514,767
		-----	-----
		101,829,775	106,664,140
CONTINGENCIES AND COMMITMENTS	9	--	--
		-----	-----
		138,456,630	136,446,969
		=====	=====
PROPERTY AND ASSETS			
TANGIBLE FIXED ASSETS			
Operating assets	10	26,086,927	28,321,750
LONG TERM INVESTMENTS		--	52,300
DEFERRED COSTS		--	1,517,464
CURRENT ASSETS			
Stores and spares	11	3,212,618	3,178,939
Stock-in-trade	12	99,585,898	95,178,543
Trade Debtors	13	2,224,757	539,914
Loans, advances, deposits, prepayments & other receivables	14	4,538,548	6,284,507
Cash and bank balances	15	2,807,882	1,373,552
		-----	-----
		112,369,703	106,555,455
		-----	-----
		138,456,630	136,446,969
		=====	=====

The annexed notes form an integral part of these accounts.
Karachi · Dec-04,2000.

MAHMOOD SHAIKH
Director Finance

SHAD ali KHAN
Managing Director

GANGAT & CO.
Chartered Accountant

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Note</i>	<i>Year Ended JUNE 30, 2000 Rupees</i>	<i>Year Ended. JUNE 30, 1999 Rupees</i>
Turnover		289,072,789	157,525,080

Cost of sales	16	242,782,772	140,260,678
		-----	-----
Gross Profit		46,290,017	17,264,402
Marketing and distribution expenses	17	10,451,031	2,822,001
Administrative expenses	18	3,432,222	3,189,848
Depreciation		2,279,823	2,560,170
		-----	-----
		16,163,076	8,572,019
		-----	-----
Operating profit		30,126,941	8,692,383
Non-operating income	19	8,618	1,754,550
		-----	-----
		30,135,559	10,446,933
Financial expenses	20	6,842,556	7,321,676
		-----	-----
		23,293,003	3,125,257
Worker's profit participation fund	21	1,194,110	187,948
		-----	-----
Profit before taxation		22,098,893	2,937,309
Prior year Adjustments	22	(3,830,629)	(30,307,736)
		-----	-----
Taxation		18,268,264	(27,370,427)
- Current year		702,107	514,767
- Prior year		--	220,887
		-----	-----
		702,107	735,654
		-----	-----
Profit / (Loss) after taxation		17,566,157	(28,106,081)
Appropriation -			
Proposed Dividend		--	--
		-----	-----
Profit / (Loss) after appropriation		17,566,157	(28,106,081)
Accumulated loss brought forward		(53,479,800)	(25,837,071)
Dividend written back	24	--	463,352
		-----	-----
Accumulated loss carried forward		(35,913,643)	(53,479,800)
		=====	=====
Earning / (Loss) per share	25	8.73	(13.97)
		=====	=====

The notes referred to above from an integral part of the profit and loss account

MAHMOOD SHAIKH
Director Finance

SHAD Ali KHAN
Managing Director

GANGAT & CO.
Chartered Accountant

Karachi: Dec-4,2000

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2000**

	Note	Year Ended JUNE 30, 2000 Rupees	Year Ended JUNE 30, 1999 Rupees
CASH FLOW FROM OPERATING ACTIVITIES:			
Cash generated / (used for) from operations	A	45,359,049	(11,684,965)
Gratuity paid		(171,498)	(71,099)
Taxes paid		(451,588)	(694,010)
Financial charges paid		(7,352,821)	(8,375,276)
		-----	-----
Net cash inflow / (outflow) from operating activities		37,383,142	(20,825,350)
CASH FLOW FROM INVESTING ACTIVITIES:			
Fixed capital expenditure		(45,000)	--
Sales proceeds of investment		60,918	--
Net (increase)/decrease deferred costs		1,517,464	(278,890)
		-----	-----
Net cash (inflow)/outflow from investing activities		1,533,382	(278,890)
CASH FLOW FROM FINANCING ACTIVITIES:			
Associated undertaking		(900,000)	--
Repayment of redeemable capital		--	(200,000)
Proceeds from Long term loans		(20,318,592)	27,547,353
Dividend paid		(83,136)	(240,529)
		-----	-----
Net cash (outflow) inflow from financing activities		(21,301,728)	27,106,824
		-----	-----
Net increase in cash and cash equivalents		17,614,796	6,002,584
Cash and cash equivalent at beginning of the year	B	(38,127,761)	(44,130,345)
		-----	-----
Cash and cash equivalent at end of the year	B	(20,512,965)	(38,127,761)
		=====	=====

MAHMOOD SHAIKH
Director Finance

SHAD ALI KHAN
Managing Director

GANGAT & CO.
Chartered Accountant

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2000**

JUNE 30, JUNE 30,
2000 1999
Rupees Rupees

A. CASH GENERATED FROM OPERATIONS

Profit before taxation	22,098,893	2,937,309
Adjustment for non-cash charges and other items:		
Depreciation	2,279,823	2,560,170
Profit on long term investments	(8,618)	--
Prior year Adjustments	(3,830,629)	(30,307,736)
Gratuity	765,367	354,343
Financial charges	6,842,556	7,321,676
	-----	-----
Profit before working capital changes	28,147,392	(17,134,238)

Effects on cash flow due to working capital changes:

(Increase)/decrease in Current Assets		
Stores and spares	(33,679)	1,419,941
Stock-in-trade	(4,407,355)	(8,925,283)
Trade debtors	(1,684,843)	4,087,705
Loan, advances, deposits, prepayments and other receivables	1,682,780	(308,477)
	-----	-----
	(4,443,097)	(3,726,114)
Increase/(decrease) in Current Liabilities		
Sponsors loan from directors and family members	(750,000)	(50,000)
Creditors, accrued and other liabilities	22,404,754	9,225,387
	-----	-----
	21,654,754	9,175,387
	-----	-----
	45,359,049	(11,684,965)

B. CASH AND CASH EQUIVALENTS COMPRISE:

Cash and bank balances	2,807,882	1,373,552
Short-term secured bank borrowings/finances	(23,320,847)	(39,501,313)
	-----	-----
	(20,512,965)	(38,127,761)

**Statement Of Changes in Equity
For the Year ended June 30, 2000**

	<i>Share Capital</i>	<i>Unappropriated Profit</i>	<i>Total Rupees</i>
Balance as at June 30, 1998	20,115,260	(53,943,152)	(33,827,892)
Appropriation:			
Dividend written back	--	463,352	463,352
	-----	-----	-----
Balance as at June 30, 1999	20,115,260	(53,479,800)	(33,364,540)

Profit for the year ended June 30, 2000	--	17,566,157	17,566,157
	-----	-----	-----
	20,115,260	(35,913,643)	(15,798,383)
Appropriation:			
Proposed dividend	--	--	--
	-----	-----	-----
Balance as at June 30, 2000	20,115,260	(35,913,643)	(15,798,383)
	=====	=====	=====

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2000**

1. COMPANY AND ITS OPERATIONS

The company is incorporated in Pakistan and is listed on the Karachi Stock Exchange. It is engaged in the manufacture and sale of cigarettes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

These accounts have been prepared on the basis of historical cost convention which permits the re-statements of fixed assets at revalued amounts.

2.2 Staff Retirement Benefits

The Company operates:

- a) a provident fund scheme effective from July 01, 1963
- b) an unfunded gratuity scheme for its employees.

2.3 TANGIBLE FIXED ASSETS

Fixed assets except land and building are recorded at historical cost less Accumulated depreciation. Land and building are recorded at revalued cost.

Freehold land is not amortized. Depreciation is charged to income on the basis of historical written down value as increased by foreign currency translation loss or the revalued amounts at the following rates:

Building on freehold land	10%
Plant and machinery	10%
Furniture and fixtures	10%
Equipment	15%
Vehicles	20%

Full year's depreciation is charged on additions, while no depreciation charged on deletions during the year.

Normal repairs and maintenance are charged to income currently.

Gains and losses, if any, on disposal of fixed assets are included in income.

2.4 TAXATION

Current

Provision for current taxation is based on taxable income on current rates of taxation after taking into account tax rebates and tax credits available or based on 0.5% of turnover less related excise duty, whichever is higher.

Deferred

The Company accounts for deferred taxation on all material timing differences using the liability method excluding the tax effects of those timing differences which are considered not likely to reverse in the foreseeable future (see note 23).

2.5 INVESTMENTS

These are valued at cost.

2.6 STORES AND SPARES

Stores and spares are stated at cost on the basis of first in first out.

2.7 STOCK-IN-TRADE

Raw materials and work in process are stated at average cost. Finished goods are valued at the lower of average cost and net realisable value.

2.8 REVENUE RECOGNITION

Sales are recorded on despatch of goods.

3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

1,203,704 (1999: 1,203,704) ordinary shares

of Rs. 10 each fully paid in cash

	<i>JUNE 30, 2000 Rupees</i>	<i>JUNE 30, 1999 Rupees</i>
--	--------------------------------------------	--------------------------------------------

	12,037,040	12,037,040
--	------------	------------

542,300 (1999: 542,300) ordinary shares

of Rs. 10 each issued for consideration other than cash

	5,423,000	5,423,000
--	-----------	-----------

265,522 (1999: 265,522) ordinary shares of Rs.10

each issued as fully paid bonus shares

	2,655,220	2,655,220
--	-----------	-----------

	-----	-----
	20,115,260	20,115,260

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4. LONG TERM LOANS - SECURED

National Bank of Pakistan (note 4.1)

	36,559,748	44,275,748
--	------------	------------

Muslim Commercial Bank Limited (note 4.2)

	9,482,250	13,082,250
--	-----------	------------

	-----	-----
	46,041,998	57,357,998

Instalment payable within one year grouped

under current liabilities (M.C.B.)

	3,600,000	3,600,000
--	-----------	-----------

Instalment payable within one year grouped

under current liabilities (N.B.P.)

	7,716,000	7,716,000
--	-----------	-----------

34,725,998	46,041,998
34,725,998	46,041,998

4.1 The final settlement has been arrived with NPB Mardan on 14th June, 1999 according to the settlement the loan is divided into two demand finances, I and II with the following terms and condition.

The loans is to be secured by -

- i) First charge on fixed assets of the company.
- ii) Mark-up @ of Zero percent will be charge on demand finance I and mark-up @ 45 paisa per thousand per day will be charge on demand finance II.
- iii) Personal guarantee of the Directors

It is also agreed to withdraw the cases in Peshawar High Court.

4.2 The final settlement has been arrived at between the company and M.C.B. Mardan on 29.09.1997 under the agreement the loan is repayable in 75 monthly instalments. The loan is secured against'

- i) Charge on stock in trade.
- ii) Personal guarantee of the Directors

<i>JUNE 30,</i>	<i>JUNE 30,</i>
<i>2000</i>	<i>1999</i>
<i>Rupees</i>	<i>Rupees</i>

5. SHORT TERM BORROWINGS/FINANCES

Secured bank borrowings/finances (note 5.1)	23,320,847	39,501,313
Unsecured borrowing from an Associated Undertaking (Note 5.2)	2,300,000	3,200,000
	25,620,847	42,701,313
	25,620,847	42,701,313

5.1 The Bank borrowing/finances are secured by the hypothecation and pledge of inventories, accounts receivable, pledge of assets of Directors and personal guarantee of Directors.

5.2 The Company has obtained short term borrowing from its associated undertaking which is interest free from the second half of 1993.

6. SPONSORS' LOAN FROM DIRECTORS AND FAMILY MEMBERS

The loan from directors and their family members are unsecured and interest free. Terms of repayment have not been determined.

7. CURRENT PORTION OF LONG TERM LIABILITIES

Current portion of NBP	2,142,388	7,716,000
Current portion of MCB loan	3,600,000	3,600,000
Overdue portion of NBP	--	3,428,980

Total: Rupees June 30, 1999	81,951,206	81,951,206	53,629,456	28,321,750	2,560,170
-----------------------------	------------	------------	------------	------------	-----------

10.1 The Depreciation charged to the Profit and Loss Account

10.2 The land and Building were professionally reappraised in the year 1979 and 1987 producing a revaluation surplus of Rs. 11,222,249 and Rs. 17,976,874 respectively. Thus an aggregate amount of Rs. 29,199,368 was added to the book value of the respective assets with corresponding amount appearing as "surplus on revaluation of fixed assets". Following sale of leasehold land and building in 1991 surplus of revaluation relating to those assets amounting to Rs. 14,195,431 had been transferred to profit and loss account.

10.3 Had there been no revaluation the status of revalued assets would have been as follows:

	<i>Cost to June 30, 2000</i>	<i>Accumulated depreciation</i>	<i>Written down value at June 30, 2000</i>		
Freehold land	50,000	--	50,000		
Building on freehold land	14,743,914	10,287,193	4,456,721		
	-----	-----	-----		
June 30, 2000 Rupees	14,793,914	10,287,193	4,506,721		
	=====	=====	=====		
June 30, 1999 Rupees	14,793,914	9,786,446	5,007,468		
	=====	=====	=====		
				<i>JUNE 30, 2000</i>	<i>JUNE 30, 1999</i>
				<i>Rupees</i>	<i>Rupees</i>
11. STORES AND SPARES					
Stores				155,250	132,779
Spares				3,057,368	3,046,160
				-----	-----
				3,212,618	3,178,939
				=====	=====
12. STOCK-IN-TRADE					
Raw materials				87,547,843	94,092,355
Work in process				763,225	505,273
Finished goods				11,204,534	509,715
Packing materials				70,296	71,200
				-----	-----
				99,585,898	95,178,543
				=====	=====
13. TRADE DEBTORS					
Trade debtors - unsecured (considered good)				2,224,757	539,914
				=====	=====

**14. LOANS, ADVANCES, DEPOSITS,
PREPAYMENTS & OTHER RECEIVABLES**

Loans and advance due from employees - considered good	84,778	155,228
Letters of Credit		177,929
Excise Duty and Sales Tax Deposits	705,525	2,185,887
Tax deducted at source	856,340	919,519
Export Rebate receivable	2,833,832	2,833,832
Miscellaneous	58,073	12,112
	-----	-----
	4,538,548	6,284,507
	=====	=====

15. CASH AND BANK BALANCES

Cash in hand	2,002,869	30,606
With banks - deposit accounts	100,000	100,000
- current accounts	705,013	1,242,946
	-----	-----
	2,807,882	1,373,552
	=====	=====

16. COST OF SALES

Opening work-in-process	505,273	482,986
Raw and packing materials consumed (16.1)	89,676,010	37,241,994
	-----	-----
	90,181,283	37,724,980
Less · Closing work-in-process	763,225	505,273
	-----	-----
	89,418,058	37,219,707
Manufacturing expenses :		
Salaries, wages and other benefits	4,830,146	3,962,443
Gas, fuel and power	4,824,305	2,704,340
Excise duty and other Levies	148,651,346	85,741,475
Stores and spares consumed	3,206,806	1,596,294
Repairs and maintenance	413,740	227,208
Contribution towards various workers welfare schemes	590,953	493,878
Rent, rates and taxes	79,559	63,281
Insurance	650,920	536,695
Others	811,758	484,388
	-----	-----
	164,059,533	95,810,002
Cost of production	253,477,591	133,029,709
Add : Opening stock of finished goods	509,715	7,740,684
	-----	-----
Cost of goods available for sale	253,987,306	140,770,393
Less: Closing stock of finished goods	11,204,534	509,715
	-----	-----

242,782,772 140,260,678

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16.1 RAW AND PACKING MATERIALS CONSUMED

Opening stock	94,092,355	77,951,663
Purchase and other expenses	81,827,212	52,826,479
	-----	-----
	175,919,567	130,778,142
Less: Closing stock	87,547,843	94,092,355
	-----	-----
	88,371,724	36,685,787
Packing cases, cartons and other materials	1,304,286	556,207
	-----	-----
	89,676,010	37,241,994
	=====	=====

17. MARKETING AND DISTRIBUTION EXPENCES

Salaries, wages and other benefits	1,499,223	1,200,833
Contribution towards various employees' welfare schemes	32,577	32,244
Freight, Octroi and Others	--	642,975
Rent, rates and taxes	180,000	--
Travelling, Cartage and Conveyance	275,375	250,295
Advertisement and Publicity:		
Current year's	6,946,072	192,671
Previous year's portion of Deferred Cost	1,517,464	491,794
	-----	-----
	8,463,536	684,465
Other Expenses	320	11,189
	-----	-----
	10,451,031	2,822,001
	=====	=====

18. ADMINISTRATIVE EXPENSES

Directors' remuneration	444,000	144,000
Salaries, wages and other benefits	1,128,503	1,104,151
Rent, rates & taxes	231,472	262,269
Entertainment	78,897	79,671
Contribution towards various employees' welfare schemes	30,232	34,261
Travelling, transport and conveyance	430,444	488,400
Postage, Telegram and Telephone	440,809	486,401
Printing and stationery	150,672	120,081
Legal and professional charges (Note 18.1)	245,878	161,225
Fees and subscription	42,257	56,045
Electricity	60,427	91,424
Other expenses	148,631	161,920
	-----	-----
	3,432,222	3,189,848

18.1 Legal and professional charges include, interalia, a sum of Rs. 85,000 (1999: 85,000) payable to the auditors in respect of audit fees. No other remuneration is payable to the auditors.

19. NON- OPERATING INCOME

Scrap miscellaneous sales		1,754,550
Profit on long term investments	8,618	--
	-----	-----
	8,618	1,754,550

20. FINANCIAL EXPENSES

Mark up on short term finances	5,977,058	6,552,372
Interest on worker's participation fund	589,199	633,694
Bank and other charges	276,299	135,610
	-----	-----
	6,842,556	7,321,676

21. WORKERS' PROFIT PARTICIPATION FUND

The Company has fully allocated 5% of net profit for the year to the workers' profit participation fund. Interest is paid at the prescribed rate.

22. PRIOR YEAR'S ADJUSTMENT

Accrued and outstanding markup on secured bank finance have been accounted for as the result of settlement with the bank.

23. DEFERRED TAXATION

Taking into consideration the potential tax saving relating to the tax losses carry forward there is no deferred tax liability as at June 30, 2000 (June 30, 1999: Rs. Nil). Had depreciation been charged on historical cost instead of revalued amount the potential deferred tax liability on this account would have been Rs. 88,865 (1999: Rs. 100,406).

<i>JUNE 30,</i>	<i>JUNE 30,</i>
<i>2000</i>	<i>1999</i>
<i>Rupees</i>	<i>Rupees</i>

24. DIVIDEND WRITTEN BACK

Dividend of 7.5% was proposed by the directors for the year ended 30th June 98 which was not approved by the shareholders in AGM.

--	463,352
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25. EARNINGS / (LOSS) PER SHARE

Profit/(Loss) after taxation	17,566,157	(28,106,081)
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Average ordinary shares in issue during June 30, 2000. 2,011,526 (1999: 2,011,526)

Earnings / (Loss) per share 8.73 (13.97)

=====

26. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE ETC.

The aggregate amount charged in the accounts of the period or remuneration including all benefits to the Chief Executive and Directors of the Company were as follows:

	<i>Directors</i>	<i>Chief Executive</i>	<i>Total</i>
Meeting Fees	--	--	--
Emoluments	444,000	--	444,000
Company's contribution to provident fund	11,520	--	11,520
Residential Telephone and Car expenses	141,978	--	141,978
	-----	-----	-----
2000 Rupees	597,498	--	597,498
	=====	=====	=====
1999 Rupees	237,952	--	237,952
	=====	=====	=====
Number of persons			
2000	2	1	3
1999	1	1	2

26.1 All the directors have waived the meeting fee due to them.

26.2 There are no executives whose aggregate basic salary or remuneration exceeded one hundred thousand rupees in the financial year.

26.3 Managerial remuneration paid to the Chief Executive was Rs. Nil (1999: Nil)

27. PLANT CAPACITY AND PRODUCTION

Potential capacity approximately 650 million production was 641 million (1999 - 263 million).

28. GENERAL

28.1 Previous year's figures have been recast and re-arranged wherever necessary for comparison purpose

28.2 Figures have been rounded off to the nearest rupee.

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2000

NO. OF

SHAREHOLDERS

SHARE HOLDING

TOTAL SHARE HELD

327	From	1	to	100	Shares	9855
77	From	101	to	500	Shares	15415
15	From	501	to	1000	Shares	11551

10	From	1001	to	5000	Shares	24954
6	From	5001	to	10000	Shares	48000
3	From	10001	to	15000	Shares	33876
1	From	15001	to	20000	Shares	16824
2	From	20001	to	25000	Shares	40988
3	From	25001	to	30000	Shares	76640
1	From	35001	to	40000	Shares	39119
2	From	40001	to	45000	Shares	84911
1	From	45001	to	50000	Shares	45387
1	From	55001	to	60000	Shares	59287
1	From	65001	to	70000	Shares	68653
1	From	75001	to	80000	Shares	77778
2	From	85001	to	90000	Shares	177109
1	From	100001	to	105000	Shares	100001
1	From	180001	to	185000	Shares	181476
1	From	895001	to	900000	Shares	899702

456

2011526

Categories of Shareholders

	<i>Numbers</i>	<i>Share Held</i>	<i>Percentage</i>
Individuals	446	1,576,057	78.35
Investment Companies	2	183,913	9.14
Insurance Companies	1	39,361	1.96
Joint Stock Companies	3	78,033	3.88
Financial institutions	1	87,174	4.33
Modaraba Companies	1	1,600	0.08
Corporate Law Authority	1	1	
Charitable Trust	1	45,387	2.26
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	456	2,011,526	100.00