

Baluchistan Wheels Limited

Annual Report 1999

CONTENTS

Corporate Information
Notice of Meeting
Chairman's Review
Directors' Report to the Shareholders
Auditors' Report to the Members
Balance Sheet
Profit and Loss Account
Statement of Changes in Financial Position
Notes to the Accounts
Five-Years at a Glance
Pattern of Shareholdings

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Siddique Memon
Chairman

Mr. Razak Haji Mohammed Bengali
Chief Executive

Mr. Muhammed Irfan Ghani
Chief Operating Officer

Mr. Sikandar Mustafa Khan
Mr. Nasim Beg
Mr. J.M. Pereira
Mr. Mohammed Khalid Ali

Company Secretary
Mr. Irfan Ahmed Qureshi

AUDITORS

Sidat Hyder Qamar & Co.
(Chartered Accountants)

LEGAL ADVISOR

Mohsin Tayebaly & Company

BANKERS

Habib Bank Limited
Union Bank Limited
Bank of Khyber
Gulf Commercial Bank Ltd
National Bank of Pakistan

SHARES DEPARTMENT &

HEAD OFFICE

1st floor, State Life Building # 3,
Dr. Ziauddin Ahmed Road, Karachi.
E-mail: bwheels@khi.compol.com
Internet: <http://www.comp-link.com/bwheels>.
Telephone # 5689259, 5683474, 5687502
Fax # 5684003

FACTORY &

REGISTERED OFFICE

Main RCD Highway, Hub Chowki,
Lasbella, Baluchistan.
Telephone # (0202) 32496, 32497, 32498
Fax: # (0202) 33035

NOTICE OF THE MEETING

NOTICE IS HEREBY GIVEN that the NINETEENTH Annual General Meeting of the Company will be held at the Company's Registered Office, Main RCD Highway, Hub Chowki, District Lasbella, Baluchistan, on Saturday, November

27, 1999 at 09:30 a.m. to transact the following business:-

1. To confirm minutes of the 18th Annual General Meeting held on December 12, 1998.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 1999 together with the Directors' and Auditors' Reports thereon.
3. To approve dividend (Directors have recommended Final dividend @ 15% in addition to interim dividend already paid @ 15% thus making the total dividend of 30% for the year ended June 30, 1999.)
4. To appoint Auditors for the year ending June 30, 2000 and to fix their remuneration.

Special Business

5. To consider, ratify and approve the remuneration of the Chairman, Chief Executive and full time working Director.
6. Any other Business with the permission of the Chair.

BY ORDER OF THE BOARD

IRFAN AHMED QURESHI
Company Secretary

Karachi: November 05, 1999

**Statement Under Section 160 (I) (B) of the Companies Ordinance, 1984
pertaining to the special business is annexed to this notice.**

NOTES:

1. A 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 the meeting. (Proxy Form is enclosed herewith.)
2. Shareholders are advised to immediately notify of any change in their addresses to our Shares Department, 1st Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi.
3. Transport will be provided to members from the Karachi Stock Exchange Building to attend the meeting. Departure from Stock Exchange Building will be at 08:30 a.m.

STATEMENT UNDER SECTION 160 (I) (B) OF THE COMPANIES ORDINANCE, 1984

Approval of remuneration of the Chairman, Chief Executive and full time working Director of the Company.

The approval of nominal increase in remuneration alongwith other benefits as per the services rules paid to Chairman, Chief Executive and the full time working Director as per recommendations of the Board of Directors of the Company. For this purpose it is proposed that the following resolution be passed as an ordinary resolution.

RESOLVED that an annual aggregating sum not exceeding Rs. 6,459,000/- be and is hereby authorized for payment towards remuneration alongwith other benefits as per the services rules to Chairman, Chief Executive and the full time working Director M/s. Muhammad Siddique Memon, Razak H.M. Bengali, and Muhammad Irfan Ghani respectively.

CHAIRMAN'S REVIEW

The year under review experienced good business conditions for your company mainly due to the increase in demand of tractors in order to implement special tractor scheme.

Your company fully responded accordingly. It manufactured and supplied tractor wheels to the local assembly units according to their requirements and sold 120,572 tractor wheels as against 51,000 of previous year, which is 136% higher than the last year.

In the auto sector we sold 151,046 wheels as against 159,000 of previous year which is 5% less than the last year. The decline in automobile sector wheels is due to the sluggish market conditions because of the uncertainty prevailing in the market.

Overall your company sold 271,618 wheels as against 210,000 of previous year which is 29% higher than the last year.

OPERATING RESULTS:

The sale during the year was Rs. 339 million as compared to Rs. 187 million last year which is 81% higher than the last year. This year your company had a record pre-tax profit of Rs.61 million as against Rs. 32 million last year which is 91% higher than the last year. The profit after taxation is Rs. 41.9 million as compared to Rs. 23.9 million for the last year which is 75% higher than the last year, mainly due to increase in sales volume and exercise of tight control on the production, selling, administrative expenses and the wastages. After protracted discussions with original equipment manufactures (OEMs) your company was able to get price increase in the prices of wheels for tractors as well as for automobiles, but the increase was marginal and despite the increase there was decline in gross profit by 1.65% as there were also increase in various components of cost of sales due to the factors beyond our control and in respect of which we have been highlighting to OEMs.

We are happy that we have achieved the targets set, and are in the better shape than we were, but there is still a lot more to be done.

We provide to our customers with quality products so as to create lasting customer relationship, provide growth and opportunities for our employees and generate stable returns to our stakeholders. We will achieve these goals through organisation wide commitment to quality, professional management, sound business practices and team-work.

FUTURE PROSPECTS & CORPORATE PLANS:

The Government has committed funds to ADBP to ensure suitable financing arrangements for farmers, and it is hoped that the continuous and uninterrupted funds are provided to the farmers to meet the green tractor scheme's targets. However, if there is any hindrance in the smooth flow of funds, this will result in the drop in tractor production and sales, which will also affect your company's profitability.

On the automobile, truck and buses side, it is hoped that the economic activity will now pick up and with its improvement your company will also reap benefits..

Any increase in steel prices internationally and locally (by Pakistan Steel) will have effect on the profitability of your company.

The management is consistently improving the plant facilities. It has recently ordered for a most modern Computerised Numeric Control (CNC) machine which will help in producing 70% of its tools requirement which will help in the quick and accurate development of new wheels required by the customers and saving in foreign exchange. For improving the quality of products and quality checking of wheels the company is also planning to change the painting system to (ED) Electro Depositing system which will improve the paint quality. :

The Directors have the pleasure in stating that the computers hardware and software used by the company are year 2000 compliant.

In order to keep abreast with the ever changing cost of the Materials and other inputs and to further exercise the control over the cost and to improve the Management Information System, your management is also planning to initiate the advance costing system and cost measures for the improvement of the company.

The Auditors' observation concerning investment with National Bank of Pakistan (Formerly; Mehran Bank Ltd.) and loan and interest due to Economic Affairs Division (Govt of Pakistan) have been fully explained in Notes 20.1 and 7.3 to the accounts.

On April 17, 1999 M/s National Bank of Pakistan published a Public Notice regarding pledge of shares of the Company with the Bank. Your management clarified the same vide another Public Notice Dated April 21, 1999 that it does not recognise the persons mentioned in the said Public Notice of April 17, 1999.

HUMAN RESOURCES:

The year 1998-99 ushered in a new Union Agreement with the CBA Union for the next 2 years, and your management settled the issues with the Union in a peaceful and cordial manner. The management at every level recognises the skills and talents of its employees since it believes that success in business heavily depends on timely availability of talented and motivated personnel.

The Board wish to place on record their appreciation for the devotion and hardwork of all the staff and workers of the company which has resulted in favourable results in challenging market conditions and their satisfaction on the cordial atmosphere maintained during the period.

BASIC EARNINGS PER SHARE

Based on the net profit for the current year the earning per share was Rs. 3.62 (1998: Rs. 2.06)

FOR AND ON BEHALF OF THE BOARD

MUHAMMAD SIDDIQUE MEMON
Chairman

Karachi: October 04, 1999

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of your Company take pleasure in presenting their 19th ANNUAL REPORT with Audited Accounts of the Company together with Auditors' Report thereon for the year ended June 30, 1999.

1999 1998
(Rupees in '000')

FINANCIAL RESULTS

Profit before Taxation	61,535	32,326
Profit after Taxation	41,980	23,902
Unappropriated Profit brought forward	58	46
	-----	-----

Profit available for appropriation	42,038	23,948
Appropriations:		
Interim Dividend 15% (I 998 Nil)	17,393	--
Proposed Final Dividend 15% (I 998: 20%)	17,393	23,190
Transfer to General Reserve	--	700
Unappropriated Profit carried forward	7,252	58
EARNINGS PER SHARE	Rs. 3.62	Rs. 2.06

The Board proposes payment of final Dividend of 15% in addition to interim dividend of 15% already paid, thus making a total Dividend of 30% for the year under review.

CHAIRMAN'S REVIEW

Your Directors endorse the contents of the Chairman's Review, which deals with the company's activities during the year, and forms part of the Directors' Report.

DIRECTORS

There has been no change in the composition of the Board of Directors since the last report.

AUDITORS

The retiring Auditors Sidat Hyder Qamar & Co. being eligible, offer themselves for reappointment.

PATTERN OF SHAREHOLDING

A statement of the pattern of share holding of the company as on June 30, 1999 is annexed to this Annual report.

FOR AND ON BEHALF OF THE BOARD

(Razak H. M. Bengali)
Chief Executive

Karachi: October 04, 1999

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **BALUCHISTAN WHEELS LIMITED** as at 30 June 1999 and the related profit and loss account and statement of changes in financial position, 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 statement of changes in financial position, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 1999 and of the profit and the changes in financial position 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.

Without qualifying our report we draw attention to note 19.1, to the accounts in respect of Rs.50.840 million deposited with former Mehran Bank Limited (MBL) and note 18 in respect of Rs. 18.272 million return accrued thereon and to note 7.3 to the accounts. The affairs of the former MBL have been taken over by National Bank of Pakistan and the matters relating to MBL are reportedly pending settlement.

KARACHI: October 04, 1999

SIDAT HYDER QAMAR & CO.
Chartered Accountants

BALANCE SHEET AS AT 30 JUNE 1999

	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in '000')</i>	
SHARE CAPITAL AND RESERVES			
Authorised capital			
15,000,000 Ordinary shares of Rs. 10/-each		150,000	150,000
Issued, subscribed and paid-up capital	3	115,950	115,950
General reserves	4	101,498	101,498
Accumulated profit		7,252	58
		224,700	217,506
Deferred income		2,017	--
Liabilities against assets subject to finance lease		12,244	17,442
Long-term deposits		353	138
Current Liabilities			
Overdue portion of long-term loan - secured	7	85,851	85,851
Current portion of liabilities against assets, subject to finance lease	5	9,051	6,880
Creditors, accrued and other liabilities	8	52,154	28,893
Proposed dividend		17,393	23,190
		164,449	144,814
Contingencies and commitments	9	--	--
		403,763	379,900
Fixed Assets - Tangible			
Operating assets - at book value	10	120,730	131,258
Capital work-in-progress		--	561
		120,730	131,819
Long-term Investments - at cost	11	450	100
Long-term loans and advances	12	445	253
Long-term deposits and other receivables	13	4,531	3,775
Current Assets			
Stores, spares & loose tools	14	20,281	17,531
Stock-in-trade	15	62,402	90,675
Trade debts- unsecured, considered good	16	59,064	21,354
Advances, deposits and prepayments	17	23,586	24,470
Other receivables	18	27,889	25,057
Short-term investments	19	56,840	61,190
Bank balances	20	27,545	3,676
		277,607	243,953
		403,763	379,900

These accounts should be read with the annexed notes.

MUHAMMAD SIDDIQUE MEMON
CHAIRMAN

RAZAK H. M. BENGALI
CHIEF EXECUTIVE

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1999

	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in '000')</i>	
Sales - net	21	187,731	339,773
Cost of sales	22	128,510	238,202
Gross profit		59,221	101,571
Operating expenses			
Administrative	23	25,765	20,039
Selling and distribution	24	9,707	6,681
		35,472	26,720

Operating profit		66,099	32,501
Other income	25	4,064	3,338
		70,163	35,839
Financial charges	26	5,372	1,666
Workers' profit participation fund		3,240	1,708
Workers' welfare fund		16	139
		8,628	3,513
Profit before taxation		61,535	32,326
Provision for taxation - current	27	19,555	8,424
Profit after taxation		41,980	23,902
Accumulated profit brought forward		58	46
Profit available for appropriation		42,038	23,948
Appropriations:			
Transfer to general reserve		--	700
Interim dividend @ 15% (1998: Nil)		17,393	--
Proposed final dividend @ 15% (1998: @ 20%)		17,393	23,190
		34,786	23,890
Accumulated profit carried forward		7,252	58
Earnings per share in Basic and diluted	29	3.62	2.06

These accounts should be read with the annexed notes.

MUHAMMAD SIDDIQUE MEMON
CHAIRMAN

RAZAK H. M. BENGALI
CHIEF EXECUTIVE

STATEMENT OF CHANGES IN FINANCIAL POSITION

(CASH FLOW STATEMENT)
FOR THE YEAR ENDED 30 JUNE 1999

	1999	1998
	(Rupees in '000')	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	61,535	32,326
Adjustments for:		
Depreciation	17,532	18,343
Capital work in progress written off	561	--
Provisions for slow moving spares	545	545
Provisions for doubtful receivables	1,430	--
Amortization of deferred income	(1,440)	--
Loss on disposal of fixed assets	45	259
Operating profit before working capital changes	80,208	51,473
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(3,295)	(772)
Stock-in-trade	28,273	(25,201)
Trade debts	(39,140)	25,020
Advances, deposits and prepayments	(3,329)	(776)
Other receivables	(2,832)	(2,027)
Short term investment	4,000	(10,350)
	(16,323)	(14,106)
Increase/(decrease) in creditors, accrued and other liabilities	23,682	(475)
Cash generated from working capital changes	87,567	36,892
Income tax paid	(15,342)	(14,308)

Net cash from operating activities	72,225	22,584
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(4,677)	(5,489)
Proceeds from sale and lease back transactions	2,324	--
Proceeds from sale of fixed assets	2,007	1,869
(Increase)/decrease in Long-term loan and advances	(192)	224
Increase in Long-term deposits	(756)	(2,797)
	-----	-----
Net cash used in investing activities	(1,294)	(6,193)
CASH FLOW FROM FINANCING ACTIVITIES		
Decrease in Long-term deposits	215	(130)
Repayment of liabilities under finance lease	(7,405)	(1,981)
Dividend paid	(39,872)	(17,392)
	-----	-----
Net cash used in financing activities	(47,062)	(17,522)
	-----	-----
Net increase/(decrease) in cash and cash equivalents	23,869	(3,112)
Cash and cash equivalents at beginning of the year	3,676	6,788
	-----	-----
Cash and cash equivalents at end of the year	27,545	3,676
	=====	=====

MUHAMMAD SIDDIQUE MEMON
CHAIRMAN

RAZAK H. M. BENGALI
CHIEF EXECUTIVE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1999

1. STATUS AND NATURE OF BUSINESS

The Company was incorporated on 16 June 1980 in Pakistan as a public limited company. Since 1994, it is listed on the Karachi Stock Exchange. Its main business activity is to manufacture and market automotive wheel rims for trucks, buses, tractors, cars and mini commercial vehicles.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These accounts have been prepared in accordance with International Accounting Standards as applicable in Pakistan.

2.2 Accounting convention

These accounts have been prepared on the basis of historical cost convention.

2.3 Staff retirement benefits

2.3.1 Gratuity fund

The Company operates a funded gratuity scheme for all eligible employees who have completed the minimum qualifying period of service as on the balance sheet date. The scheme is administered by the trustees nominated under the trust deed. The contribution to the scheme are made in accordance with independent actuarial advice using Entry Age Normal (EAN) actuarial cost method which is consistent with previous valuation. The last actuarial valuation was carried out as of 31 October, 1997.

The principal long term assumption used for the purpose of the actuarial valuation were as follow:

Rate of salary increase	11%
Rate of investment income	14%

The present value according to last actuarial valuation are as follows:

	(Rupees in million)
Benefits	15,896
Assets of the fund including accrued interest	13,071
Actuarial EAN liability	10,399
Total surplus in the fund	2,376

2.3.2 Provident fund

The Company operates a recognised provident fund scheme for all eligible employees who have completed the minimum qualifying period of service. Equal contributions are made by the Company and the employees.

2.4 Taxation

Provision for taxation is based on "presumptive tax" under section 80C and 80CC of the Income Tax Ordinance, 1979. However, provision for taxation on the other income is based on current rate of taxation. The Company accounts for deferred taxation, arising on major timing differences, if any, using the liability method.

2.5 Fixed assets and depreciation

2.5.1 Operating fixed assets

Operating assets are stated at cost less accumulated depreciation except, for the land which is stated at cost. Depreciation is charged on the reducing balance method except for the computer equipments which are depreciated on straight line method. Full year's depreciation is charged on addition of assets while no depreciation is charged on assets deleted during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of fixed assets are included in income currently.

2.5.2 Assets subject to finance lease

The Company accounts for fixed assets acquired under finance leases by recording the assets and the related liability at the amounts, which are determined on the basis of discounted value of minimum lease payments. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged to income applying the diminishing balance method at the rates stated in note 10. I below.

Income on sale and lease back arrangement is deferred and amortized over the lease term.

2.6 Capital work-in-progress

All expenditures connected with specific assets, incurred during the construction period, are carried under this head. These are transferred to specific assets as and when assets are available for use.

2.7 Investments

Long-term investments are stated at cost. Provision is made for other than temporary diminution, if any, in the value of investments.

Short-term investments are stated at lower of cost and market value.

2.8 Stores, spares & loose tools

Stores, spares and loose tools are valued at weighted average cost. Provision is made annually in the accounts for slow moving and obsolete items.

2.9 Stock-in-trade

Raw materials and components except for those in transit are valued at lower of weighted average cost and net realizable value (NRV).

- Work in process is valued at average manufacturing cost.
- Finished goods are valued at lower of average manufacturing cost and NRV.
- Stock in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.10 Trade debts

Known bad debts are written off and provision is made for debts considered doubtful.

2.11 Foreign Currency Transactions

Transactions in foreign currencies are accounted for in rupees of the rates prevailing on the date of transaction. Assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing of the balance sheet date. Bills payable against imports covered by forward exchange contracts are converted at the contracted rates. Other exchange gains/losses are included in income currently.

2.12 Research and development costs

These are charged off as and when incurred.

2.13 Revenue recognition

2.13.1 Sales are recorded on despatch of goods.

2.13.2 Income on investments in shares is recognised on receipt of dividend whereas income from other investments in securities is recognised on the assumption that such investment will be held till the next terminal date and is computed on the applicable rate of yield for the number of days such investments are held. Return on deposit account is recognised on receipt basis.

2.14 Scrap sales are accounted for as and when sold.

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 10/- each

Number of shares in '000'

1999	1998	1999	1998
		(Rupees in '000')	
9,276	9,276	92,760	92,760
2,319	2,319	23,190	23,190
-----	-----	-----	-----
11,595	11,595	115,950	115,950

4. STATEMENT OF CHANGES IN EQUITY

	<i>Share Capital</i>	<i>General Reserve</i>	<i>Accumulated Profit</i>	<i>Total</i>
Balance as at 30 June, 1997	115,950	100,798	0.46	216,794
Profit for the year	--	--	23,902	23,902
Transferred to general reserves	--	700	(700)	--
Proposed dividend	--	--	(23,190)	(23,190)
Balance as at 30 June 1998	115,950	101,498	58	217,506
Profit for the year	--	--	41,980	41,980
Transferred to general reserves	--	--	--	--
Interim dividend	--	--	(17,393)	(17,393)
Proposed dividend - final	--	--	(17,393)	(17,393)
Balance as at 30 June 1999	115,950	101,498	7,252	224,700

1999 **1998**
(Rupees in '000')

5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCIAL LEASE

Balance as on 01 July	24,322	--
Assets acquired during the year	3,246	26,302
Adjustment made during the year	1,132	--
	28,700	26,302
Less: Payments made during the year	7,405	1,980
	21,295	24,322
Less: Current portion of the liability	9,051	6,880
	12,244	17,442

5.1 The total lease rentals due under the lease agreements aggregate to Rs. 22.3 million (1998: Rs. 29.8 million).

5.2 The future minimum lease payments, to which the Company is committed under lease agreement, are as follows:

YEAR	1999	1998
	(Rupees in '000')	
1999	--	10,875
2000	11,974	10,875
2001	11,893	10,794
2002	733	--
2003	551	--
2004	233	--
Financial charges allocated to future periods	25,384	32,544
	(4,103)	(7,090)
	21,281	25,454

1999 **1998**
(Rupees in '000')

6. LONG - TERM DEPOSITS

	353	268
--	-----	-----

6.1 Deposits from employees are received against car schemes. The amount will be adjusted after five years against book value of the vehicles.

7. OVER DUE PORTION OF LONG TERM LOAN-Secured

	<i>(Rupees in '000')</i>		
<i>ADB Loan</i>	<i>Accrued interest and ERF re-scheduled</i>	<i>1999</i>	<i>1998</i>
<i>(Note 7.1)</i>	<i>(Note 7.2)</i>		
Current portion- overdue	66,656	19,195	85,851
	=====	=====	=====

7.1 Represents balance of foreign currency loan granted by the Asian Development Bank (ADB) initially through Pakistan Automobile Corporation Limited (PACO). Under Novation agreement dated 26 May 1992 between Government of Pakistan (GOP), PACO and the Company, PACO stands discharged from the obligations of the agreement with ADB.

7.1.1 The remaining loan represents four overdue installments which were to be paid by September 01, 1997 which carries interest at the rate of 8.5 percent per annum.

7.1.2 The GOP has approved a Scheme of Exchange Risk Coverage on the Company's foreign currency loan with effect from 21 April 1987. According to the scheme, the foreign currency loan liability outstanding as at 21 April 1987, was converted into Rupees at the then prevailing exchange rate. The scheme envisages an exchange risk coverage fee at 5.5 percent of the loan outstanding in local currency.

7.2 Represents balance of accrued interest of Rs.60.00 million and exchange risk coverage fee of Rs. 16 million rescheduled from January 06, 1990. The remaining amount represents four overdue installments which were to be paid by September 01, 1997.

7.3 Provision for interest on the above outstanding loan balance has not been made in these accounts since September 01, 1997. In view of management's contention that the settlement of principal amount due and interest thereon is linked with the deposit made with former Mehran Bank Limited (MBL) now National Bank of Pakistan and return thereon as referred to in note 19. I, in view of the guarantees against the above loan and interest due to EAD, GOP were issued by the former MBL.

The Management is of the view that the deposit and return thereon as aforesaid is sufficient to settle and discharge the outstanding dues of EAD, GOP hence no additional provision is considered necessary in these accounts for the interest on said loan.

7.4 Subsequent to the Sale Agreement of 26 May 1992, the repayment of the principal, interest and exchange risk fee on the outstanding loan has been guaranteed by the former MBL to EAD, GOP. The package of securities for the guarantee includes land, building, plant, equipment and other assets of the Company. The said guarantee has expired in May 1997.

Note *1999* *1998*
(Rupees in '000')

8. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		3,731	2,130
Bills Payable		15,567	105
Accrued liabilities		10,740	9,020
Accrued interest on secured foreign currency loan	7.3	7,218	7,218
Sales tax		4,103	--
Exchange risk coverage fee		4,671	4,671
Retention money and deposits		371	401
Advance from customers		497	1,334
Workers' Profit Participation Fund	8.1	3,240	1,708
Workers' Welfare Fund		741	725
Book overdraft		--	1,075
Unpaid dividend		1,102	391
Unclaimed dividend		92	97
Others		81	18
		-----	-----
		52,154	28,893
		=====	=====

8.1 Workers' profit participation fund

Balance at the beginning of the year		1,708	2,045
Allocation for the year		3,240	1,708
		-----	-----
		4,948	3,753
Interest on funds utilised in the Company's business		178	186
		-----	-----
		5,126	3,939

Less: Payments made during the year	1,886	2,231
	-----	-----
	3,240	1,708
	=====	=====

8. I. I Full provision has been made for contribution to the fund. The contribution and interest thereon is paid annually to the fund within the time limit specified by the Companies Profit (Workers' Participation) Act, 1968.

9. CONTINGENCIES AND COMMITMENTS

i) Claims against the Company not acknowledged as debt	7.3	19,200	9,869
		=====	=====
ii) Bank guarantees in respect of duties payable on imported raw material		2,642	354
		=====	=====
iii) Indemnity bonds issued to the Collector of Customs against imported raw material		20,541	34,775
		=====	=====
iv) Letters of credit issued by Commercial Banks		33,115	29,800
		=====	=====

10. FIXED ASSETS - Tangible

10.1 Following is a statement of operating assets:

	(Rupees in '000')								
	Cost at July 1, 1998	Additions/ (deletions) *Adjustment	Cost at June 30, 1999	Accumulated depreciation at July 01, 1998	Depreciation for the year	Adjustments for disposal	Accumulated depreciation at 30 June, 1999	Book value at June 30, 1999	Depreciation Rate %
OWNED									
Land Freehold	10,454	--	10,454	--	--	--	--	10,454	--
Building on freehold land	32,155	--	32,155	16,294	797	--	17,091	15,064	5 & 10
Plant and machinery	309,175	3,268	312,442	233,378	10,379	--	243,757	68,685	10 & 20
Electrical installations	12,089	--	12,089	9,574	252	--	9,826	2,263	10
Furniture and fixtures	1,365	17	1,382	861	52	--	913	469	10
Office Equipments	2,585	732 (52)	3,265	1,326	194	(5)	1,515	1,750	10
Computer equipments	1,303	179	1,482	941	206	--	1,147	335	20
Vehicles	6,577	482 (3,636)	3,422	3,131	385	(1,631)	1,883	1,539	20
Library books	42	--	42	24	2	--	26	16	10
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	375,745	4,678 (3,688)	376,733	265,529	12,267	(1,636)	276,158	100,575	
Leased									
Plant and Machinery	22,076	1,132*	23,208	4,415	3,940	--	8,355	14,853	20
Vehicles	4,226	3,246	7,472	845	1,325	--	2,170	5,302	20
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	26,302	4,378	30,680	5,260	5,265	--	10,525	20,155	
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	402,047	9,056 (3,688)	407,413	270,789	17,532	(1,636)	286,683	120,730	
	=====	=====	=====	=====	=====	=====	=====	=====	=====
1998	374,016	31,791 (3,760)	402,047	254,078	18,344	(1,633)	270,789	131,258	
	=====	=====	=====	=====	=====	=====	=====	=====	=====

Note 1999 1998
(Rupees in '000')

10.2 Depreciation is charged as under

Cost of production	14,717	15,993
Administration expenses	2,657	2,231
In house manufacturing of spares	158	120
	-----	-----
	17,532	18,344
	=====	=====

10.3 DETAILS OF DISPOSAL OF FIXED ASSETS

(Rupees in '000')

<i>Particulars of Assets</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Book Value</i>	<i>Sale proceeds</i>	<i>Profit/ (loss)</i>	<i>Mode of disposal</i>	<i>Particulars of Purchaser</i>
KIA Sportage	1,386	499	887	700	(187)	By negotiation	Mr. Asad Zahoor
Charokee	2,065	1,008	1,057	1,200	142	By negotiation	Mrs. Rehana Jehangir
Suzuki Bolan	185	124	61	60	--	Employment Policy	Mr. Ather G. Farooqui
Air Conditioner	52	5	47	47	--	Employment Policy	Mr. M. Abbas
	-----	-----	-----	-----	-----		
	3,688	1,636	2,052	2,007	(45)		
	=====	=====	=====	=====	=====		
1998	3,760	1,632	2,128	1,869	(259)		
	=====	=====	=====	=====	=====		

1999 **1998**
(Rupees in '000')

11. LONG-TERM INVESTMENTS - at cost

In an associated company

Quoted Company

Bolan Castings Limited

10,000 (1998: 10,000) Ordinary shares of Rs. 10/- each

Market value Rs. 185,000/- (1998: Rs. 69,500/-)

10 years' Defence Saving Certificates

100 100

350 --

450 100

=====

12. LONG-TERM LOANS AND ADVANCES-Secured

Considered good

Executives

624 423

Employees

137 52

761 475

Less: current maturity

316 222

445 253

=====

Outstanding for periods

- Less than three years

369 253

- Three years and more

76 --

445 253

=====

12. I All the loans are granted to the employees of the Company in accordance with the terms of employment for staff welfare, are interest-free and are repayable between three to four years. These loan are secured against the employees retirement benefits.

1 2.2 Maximum aggregate amount outstanding due from executives at the end of any month during the year was Rs.883,619 (1998: Rs. 795,63 I).

13. LONG TERM DEPOSITS AND OTHER RECEIVABLES

Deposit against leased assets

3,067 2,744

Trade deposits

1,372 1,031

Interest accrued on long term investment

92 --

4,531 3,775

=====

14. STORES, SPARES AND LOOSE TOOLS

Stores

1,418 1,048

Spares

19,138 17,250

Loose tools

270 323

20,826 18,621

Less: Provision for slow moving spares

545 1,090

20,281 17,531

=====

Note

1999 **1998**
(Rupees in '000')

15. STOCK-IN-TRADE

Raw material and components		
In store	27,365	29,069
In transit	--	4,487
	-----	-----
	27,365	33,556
Work-in-process	27,639	32,969
Finished goods	7,398	24,150
	-----	-----
	62,402	90,675
	=====	=====

16. TRADE DEBTS

Unsecured		
Considered good		
Due from an associated undertaking	29,345	--
Others	29,719	21,354
	-----	-----
	59,064	21,354
Considered doubtful	1,430	--
Less: Provision for doubtful debts	1,430	--
	-----	-----
	--	--
	-----	-----
	59,064	21,354
	=====	=====

16.1 The maximum aggregate amount due from an associated undertaking at the end of any month during the year was Rs. 29,345 million (1998: Rs. Nil).

17. ADVANCES, DEPOSITS AND PREPAYMENTS

Advances	- unsecured, considered good		
	- for expenses	191	298
	- to employees	633	443
	- to suppliers	7,796	4,221
	- others	--	3,397
	- Income tax - net	11,093	15,306
		-----	-----
		19,713	23,665
Letters of credit fee, margin and expenses		3,472	376
Prepayments		401	429
		-----	-----
		23,586	24,470
		=====	=====

17.1 Includes current portion of the loans and advances of Rs.316,000 (1998: Rs. 222,000) as referred to in note 12.

Note **1999** **1998**
(Rupees in '000')

18. OTHER RECEIVABLES

Accrued return on short-term investments		18,272	18,486
Interest accrued on short term investment		220	728
Octroi refundable		2,003	2,040
Income tax refundable		2,542	2,542
Receivable against scrap sales		4,840	--
Sales tax refundable		--	1,261
Others		12	4,094
		-----	-----
		27,889	29,151
Less :Provision for doubtful receivables		--	4,094
		-----	-----
		27,889	25,057
		=====	=====

19. SHORT-TERM INVESTMENTS

National Bank of Pakistan (Former Mehran Bank Limited)	19.1	50,840	50,840
Investment under Musharika arrangement	19.2	6,000	10,000
Defence Saving Certificates		--	350
		-----	-----
		56,840	61,190

19.1 In 1995, the Company placed a sum of Rs.50.84 million as a short term deposit with the then Mehran Bank Limited which has since been taken-over by National Bank of Pakistan(NBP) under a Scheme of Amalgamation prepared by the State Bank of Pakistan. Following this,NBP desired to link the said deposit and return accrued thereon in settlement and discharge of outstanding dues from certain parties which had related party relationship with certain former directors of the Company. The Company has, however; refuted the claim of NBP, asserting that the said deposit was never placed or intended to be a security or pledge against any indebtedness of the Company or any other third party. In response to a suit filed by the Company in 1996 against NBP in the Honourable High Court of Sindh, the Honourable Court has, in an order passed during the previous year on a petition filed by the Company, directed NBP to deposit with the Nazir of the court, an amount of Rs.83.98 million, comprising the principal amount of deposit together with return accrued thereon upto 26 September 1996 of Rs.33.36 million, so that pending the final decision of the case, the amount may be invested in income bearing government deposit schemes. In view of the usual delays that are associated in litigation and the element of uncertainty inherent in such matters, the management has reviewed the matter of accrual of return on the said deposit and as a matter of

Court's decision and because of the management's opinion that the principal amount of deposit as well as accrued return thereon as referred to in note 18 are realizable, no provision is considered necessary in these accounts.

19.2 Represents funds deposited with a financial institution under musharika arrangement having a maturity period of 3 months ending on 25 July 1999 at a mark-up of 17% per annum.

<i>Note</i>	<i>1999</i>	<i>1998</i>
	<i>(Rupees in '000')</i>	
20. BANK BALANCES		
Current accounts	626	460
Deposit accounts	26,919	3,216
	-----	-----
	27,545	3,676
	=====	=====
21. SALES - net		
Export	4,074	4,720
Local	383,121	205,887
Sales tax	(47,422)	(22,876)
	-----	-----
	335,699	183,011
	-----	-----
	339,773	187,731
	=====	=====
22. COST OF SALES		
Raw material and components consumed		
Opening stock	29,069	38,101
Purchases - net	139,240	85,511
Closing stock	(27,365)	(29,069)
	-----	-----
	140,944	94,543
	-----	-----
Stores and spares consumed	14,377	12,860
Salaries, wages and benefits	22.1 27,113	23,111
Services rendered by contractors	2,052	2,026
Research and development	16	--
Transportation	2,320	2,156
Travelling and conveyance	1,416	740
Entertainment	530	247
Utilities	8,848	8,176
Communication	651	479
Rent, rates and taxes	146	142
Repairs and maintenance	650	500
Insurance	685	-619
Subscription and periodicals	40	68
Printing and stationery	99	203
Motor vehicles expenses	444	350
Depreciation	10.2 14,717	15,993
Provision for slow moving spares	545	545
Others	685	548
	-----	-----
	75,334	68,763
	-----	-----
Inhouse manufacturing of spares	(158)	--
	-----	-----

21.1 Includes waste sales of Rs. 5.304 million (1998: Rs. 10.401 million.)

Total Manufacturing cost	216,120	163,306
Work-in-process - Opening	32,969	20,914
- Closing	(27,639)	(32,969)
	-----	-----
	5,330	(12,055)
	-----	-----
Cost of goods manufactured	221,450	151,251
	-----	-----
Finished goods - Opening	24,150	1,409
- Closing	(7,398)	(24,150)
	-----	-----
	16,752	(22,741)
	-----	-----
	238,202	128,510
	=====	=====

22.1 Salaries, wages and benefits include Rs. 799,144 (1998: Rs. 599,120) in respect of staff retirement benefits.

	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in '000')</i>	
23. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	23.1	12,574	9,840
Services rendered by contractors		988	723
Travelling and conveyance		791	562
Staff transportation		557	506
Utilities		543	561
Rent, rates and taxes		640	294
Repairs and maintenance		237	338
Printing and stationery		237	378
Communication		787	684
Advertisement'		23	86
Motor vehicle expenses		1,155	1,010
Insurance		453	536
Legal and professional fees		119	134
Subscriptions		708	425
Auditors' remuneration	23.2	281	543
Corporate expenses		619	371
Depreciation	10.2	2,657	2,231
Entertainment		506	311
Provisions for doubtful receivables	16	1,430	--
Others		460	506
		-----	-----
		25,765	20,039
		=====	=====

23.1 Salaries, wages and benefits include Rs. 448,000 (1998: Rs. 232,000) in respect of staff retirement benefits.

23.2 Auditors' Remuneration

Audit fee		150	120
Tax and consultancy services		116	403
Audit fee of employees' funds		--	5
Out of pocket expenses		15	15
		-----	-----
		281	543
		=====	=====

24. SELLING AND DISTRIBUTION EXPENSES

Salaries, wages and benefits	24.1	546	443
Services rendered by contractors		121	76
Travelling and conveyance		50	232
Staff transportation		40	38
Communications		72	94
Carriage and forwarding		8,368	4,400
Advertisement, sales promotions and sampling		321	1,325
Entertainment		21	17
Repairs and maintenance		34	19
Printing and stationery		82	21
Others		52	16
		-----	-----
		9,707	6,681
		=====	=====

24.1 Salaries, wages and benefits include Rs. 24,120 (1998 : Rs. 19,000) in respect of staff retirement benefits.

25. OTHER INCOME	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees n '000')</i>	
Return on term and other deposit accounts		958	1,892
Loss on disposal of fixed assets		(45)	(259)
Profit on short term investments		951	214
Reversal of rent accrued last year		--	1,307
Amortization of deferred income		1,440	--
Claim received on imported raw material		429	--
Others		331	184
		-----	-----
		4,064	3,338
		=====	=====

26. FINANCIAL CHARGES

Interest and exchange risk fee on long-term loan		--	421
Financial charges on leased assets		4,476	1,006
Interest on Bank overdraft		532	--
Interest on Workers' Profit Participation Fund		178	187
Bank charges and excise duty		186	52
		-----	-----
		5,372	1,666
		=====	=====

27. TAXATION**Current**

Provision for taxation for the current year has been made in these accounts on the "presumptive tax" basis under Section 80C and Section 80CC of the Income Tax Ordinance, 1979 (the Ordinance).

The assessments have been finalized upto the assessment year 1997-98 by the Deputy Commissioner of Income Tax (DCIT). However, while finalizing the Company's assessment for the assessment years 1991-92 to 1994-95, the Assessing Officer enhanced the income of the Company invoking the provision of Section 80C (5) of the Ordinance and not apportioning profit and loss expenses to other income and raised additional tax demands aggregating Rs. 15.395 million. The Company filed appeals before the Commissioner of Income Tax (CIT) Appeals against the above orders. On appeal, the CIT Appeals has set-aside the additional tax demand of Rs. 5.0 million for the assessment year 1991-92 to 1994-95 against which appeals have been filed to the Income Tax Appellate Tribunal.

As the management is confident that ultimate decision will be in the Company's favour, no provision has been made in the accounts in respect of the aforementioned additional tax liability.

27.2 Deferred

The Company is subject to tax under Section 80C, 80CC i.e. presumptive tax and under normal tax on other income, under the Ordinance. Since, the major part of the Company's tax liability is determined on the basis of deductions made under section 50(4) and 50(5A) of the Ordinance and tax on differences between the tax calculated under the normal provision of the Ordinance on declared income and tax paid under the presumptive tax regime has also been provided in the accounts, therefore, no consideration has been given to the timing differences which might determine deferred taxation in the foreseeable future.

28. REMUNERATION OF CHIEF EXECUTIVE**DIRECTORS AND EXECUTIVES**

The aggregate amount charged in the accounts for the year are as follows:

	<i>(RUPEES IN '000')</i>					
	<i>1999</i>			<i>1998</i>		
	<i>Chief Executive</i>	<i>Directors</i>	<i>Executives</i>	<i>Chief Executive</i>	<i>Directors</i>	<i>Executives</i>
Remuneration	1,126	2,053	4,149	720	589	2,796
Housing	507	924	1,870	324	265	1,258
Conveyance	--	--	250	--	--	181
Provident Fund / Gratuity	113	206	364	156	38	746
Medical expenses	32	128	606	78	37	217
Utilities	113	184	255	25	42	229
	-----	-----	-----	-----	-----	-----
	1,891	3,495	7,494	1,303	971	5,427
	=====	=====	=====	=====	=====	=====
Number	1	2	28	1	2	20

28.1 In addition the Chief Executive, Directors and certain executives are also provided with free use of the Company's maintained cars and house hold items in accordance with their entitlement.

	<i>1999</i>	<i>1998</i>
	<i>(Rupees in '000')</i>	
29. EARNINGS PER SHARE - BASIC AND DILUTED		
Net profit for the year	41,980	23,902
Average Ordinary shares in issue during the year	11,595	11,595
	Rupees	
Earnings per share	3.62	2.06

30. PLANT CAPACITY AND ACTUAL PRODUCTION

	Number of Units in '000'	
Plant capacity	376	376
Actual production	255	230

The under utilisation of capacity was due to lower demand during the year.

31. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Sale of goods	116,895	--
Dividend income	15	--
Subscription paid	600	--

All material transactions with associated undertakings are at an arm's length.

32. NUMBER OF EMPLOYEES

The Company had 265 (1998: 263) employees at the year end.

33. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

Interest/mark-up rate risk exposure

The Company's exposure to interest / mark-up rate risk and the effective rates on its financial assets and liabilities as of 30 June 1999 are summarized as follows:

	<i>Interest / mark-up bearing</i>			<i>Sub-total</i>	<i>Non-Interest / mark-up bearing</i>			<i>Sub-total</i>	<i>1999 Total</i>
	<i>Maturity upto one year</i>	<i>Maturity from one to five year</i>	<i>Maturity after five year</i>		<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Maturity after five year</i>		
	<i>(Rupees in '000')</i>								
Financial Assets									
Investments	56,840	--	350	57,190	--	--	--	--	57,190
Loans	--	--	--	--	--	445	--	445	445
Deposits	--	--	--	--	--	4,439	--	4,439	4,439
Advance	--	--	--	--	633	--	--	633	633
Trade debts	--	--	--	--	--	--	--	--	--
Associated undertakings	--	--	--	--	29,345	--	--	29,345	29,345
Others	--	--	--	--	29,719	--	--	29,719	29,719
Others receivables	--	--	--	--	23,344	--	92	23,344	23,344
Bank balances	--	--	--	--	27,545	--	--	27,545	27,545
	56,840	--	350	57,190	110,586	4,884	92	115,470	172,660
Financial Liabilities									
Loans and liabilities	85,851	--	--	85,851	--	353	--	353	86,204
Liabilities against asset subject to finance lease	9,051	12,244	--	21,295	--	--	--	--	21,295
Creditors, accrued and other liabilities	--	--	--	--	47,554	--	--	47,554	47,554
Proposed dividend	--	--	--	--	--	--	--	--	--
	94,902	12,244	--	107,146	47,554	353	--	47,907	155,053

The effective interest/mark-up rates for the monetary financial assets / liabilities are mentioned in the respective note to the accounts.

Concentration of credit risk

The Company attempts to control credit risk associated with the carrying amount of its receivables by monitoring credit exposures, limiting transactions with specific customers and continuing assessment of credit worthiness of such customers.

Fair value of financial instruments

The carrying value of all the financial instruments reflected in the financial statements approximate their fair values.

34. CORRESPONDING FIGURES

Corresponding figures have been reclassified, wherever necessary, to facilitate comparison.

MUHAMMAD SIDDIQUE MEMON
CHAIRMAN

RAZAK H. M. BENGALI
CHIEF EXECUTIVE

BALUCHISTAN WHEELS LTD. AT A GLANCE

BALANCE SHEETS

	1995	1996	1997	1998	1999
SHARE CAPITAL & RESERVES					
Authorised Capital					
15,000,000 Ord. shares of Rs. 10/- each	150,000	150,000	150,000	150,000	150,000
Issued, subscribed and paid up capital	115,950	115,950	115,950	115,950	115,950
Reserve for Issue of bonus share	--	--	--	--	--
General reserve	83,897	87,498	100,798	101,498	101,498
Unappropriated profit	49	88	46	58	7,252
	199,896	203,536	216,794	217,506	224,700
Deferred Income	--	--	--	--	2,017
LONG TERM LOAN - ADB	65,414	22,517	--	--	--
LIAB ASSETS SUB TO FINANCE LEASE	--	--	--	17,441	12,244
LONG-TERM DEPOSITS	--	--	--	138	353
CURRENT LIABILITIES					
Current portion of long term loan	45,036	63,334	85,851	85,851	85,851
Creditors, accrued & other liabilities.	21,476	19,435	29,639	28,893	52,154
Running Finance	1,834	--	--	--	--
Proposed Dividend	--	23,190	17,392	23,190	17,393
Current portion of Finance Lease	--	--	--	6,880	9,051
	68,346	105,959	132,882	144,814	164,449
	333,656	332,012	349,676	379,899	403,763
Operating Assets at cost less dep.	130,810	122,678	119,938	110,216	100,575
- Capital Work In Progress	2,135	3,061	561	561	--
	132,945	125,739	120,499	110,777	100,575
ASSETS SUB TO FINANCE LEASE	--	--	--	21,042	20,155
INVESTMENT	100	100	100	100	450
LONG-TERM LOANS & DEPOSITS	1,172	1,095	1,455	4,027	4,976
CURRENT ASSETS					
Store, spares & loose tools	16,675	16,859	17,305	17,531	20,281
Stock-in-trade	53,726	38,785	65,474	90,675	62,402
Trade debts	32,224	38,063	46,374	21,354	59,064
Other receivables	30,934	26,982	23,030	24,470	23,586
Advances, Deposits, Prepayment	9,828	9,972	17,810	25,057	27,889
Short Term Investments	50,840	50,840	50,840	61,190	56.84
Cash & Bank Balances	5,212	23,577	6,789	3,676	27,545
	199,439	205,078	227,622	243,953	277,607
	333,656	332,012	349,676	379,899	403,763

INCOME STATEMENTS

	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
Sales Local	125,085	188,864	210,539	173,766	331,072
Export	2,047	5,146	3,724	4,719	4,074
Other	5,645	4,608	4,084	9,245	4,627
Total	132,777	198,618	218,347	187,730	339,773
Cost of Sales	93,017	134,036	148,583	128,509	238,202
Gross Profit	39,760	64,582	69,764	59,221	101,571
Administration Expenses	14,566	14,900	21,283	20,040	25,765
Selling Expenses	4,094	5,760	5,985	6,680	9,707
Other Income	18,660	20,660	27,268	26,720	35,472
Operating Profit	32,825	45,101	45,553	35,839	70,163
Financial & Other Charges	18,476	12,472	6,781	3,513	8,628
Profit Before Taxation	14,349	32,629	38,772	32,326	61,535
Provision For Taxation	4,300	5,800	8,122	8,424	19,555
Profit After Taxation	10,049	26,829	30,650	23,902	41,980
Unappropriated Profit brought forward	--	49	58	46	58
Available For Appropriation	10,049	26,878	30,708	23,948	42,038
Appropriations:					
Dividend	--	23,190	17,392	23,190	34,786
Transfer To General Reserve	10,000	3,600	13,300	700	--
Unappropriated Profit carried forward	49	88	16	58	7,252

RATIOS ANALYSIS

	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
LIQUIDITY & LEVERAGE RATIOS					
Current Ratio	2.92	1.94	17.1	2.00	1.89
Quick Ratio	1.88	1.41	1.09	1.12	1.32
Liability as a % of total assets	40	39	38	37	40
Debt Equity Ratio	36	30	28	34	32
EQUITY RATIOS					
- Break up value per share Rs.	17.24	17.55	18.70	18.75	19.38
- Dividend as a % capital	--	20	1.5	20	30
- Dividend per share Rs.	--	2.00	1.50	2.00	3.00
- Dividend payout ratio (%)	--	86.43	56.74	97.00	82.75
PROFITABILITY RATIOS					
G.P. %	29.94	32.51	31.95	31.54	29.89
Operating Profit %	24.72	22.71	20.86	19.09	20.65
Profit before Tax %	10.81	16.43	17.76	17.22	18.11
Profit After Tax %	7.57	13.51	14.04	12.73	12.35
- Earning per Share (Rs)	0.87	2.31	2.64	2.06	3.62
- Plant Capacity Utilization %	38	53	54	61	68

<i>Number of Shareholders</i>	<i>From</i>	<i>Share Holder Range</i>	<i>To</i>	<i>Total Shares Held</i>
336	1	--	100	17,125
1409	101	--	500	354,625
217	501	--	1,000	165,375
231	1,001	--	5,000	452,225

32	5,001	--	10,000	238,850
10	10,001	--	15,000	129,750
5	15,001	--	20,000	99,000
4	20,001	--	25,000	95,600
1	25,001	--	30,000	25,875
4	30,001	--	35,000	127,400
1	35,001	--	40,000	40,000
1	40,001	--	45,000	43,000
2	45,001	--	50,000	99,600
1	50,001	--	55,000	51,500
2	65,001	--	70,000	132,500
1	80,001	--	85,000	82,500
2	95,001	--	100,000	196,000
1	120,001	--	125,000	123,450
1	125,001	--	130,000	128,875
1	205,001	--	210,000	207,500
1	280,001	--	285,000	283,000
1	285,001	--	290,000	289,125
1	330,001	--	335,000	334,975
2	370,001	--	375,000	746,800
1	485,001	--	490,000	488,000
1	505,001	--	510,000	507,600
1	785,001	--	790,000	786,500
1	1,365,001	--	1,370,000	1,365,500
1	1,560,001	--	1,565,000	1,563,125
1	2,415,001	--	2,420,000	2,419,625
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2273				11,595,000
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**CATEGORIES OF
SHAREHOLDERS**

	NUMBERS	SHARES HELD	PERCENTAGE
1. INDIVIDUALS	2238	5,576,650	48.10 %
2. JOINT STOCK COMPANIES	13	2,012,925	17.36 %
3. INVESTMENT COMPANIES	8	2,815,300	24.28 %
4. INSURANCE COMPANY	1	289,125	2.49 %
5. FINANCIAL INSTITUTIONS	9	816,750	7.04 %
6. MODARABA	1	82,500	0.71 %
7. OTHERS	3	1,750	0.02 %

	2,273	11,595,000	100.00 %
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