

Buxly Paints Limited

Annual Report 1999

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BOARD OF DIRECTORS

CHAIRMAN

DIRECTORS

Nasim Alam Khan

Mrs. Kaiser Sultana Khan

Mrs. Amtul Rauf Khan

Abdul Qadir H. Moochhala

Shahid Anwar

DIRECTOR (ADMIN)

Miss Ayla F. Khan

EXECUTIVE DIRECTOR

Yusuf Babar Khan

MANAGING DIRECTOR &

Wassim Alam Khan

CHIEF EXECUTIVE

COMPANY SECRETARY

Muhammad Khan

AUDITORS

Ford, Rhodes, Robson, Morrow

Chartered Accountants

LEGAL ADVISOR

Abdus Samad

BANKERS

The Muslim Commercial Bank Ltd.

Habib Bank Ltd.

United Bank Ltd.

National Bank of Pakistan

Bank Al-Habib Ltd.

Bolan Bank Ltd.

REGISTERED OFFICE

E/20, S.I.T.E.,

Polytechnic Road, Karachi-75700

FACTORIES

X-3, S.I.T.E.,

Manghopir Road, Karachi-75700 (Works 1)

E/20, S.I.T.E.,

Polytechnic Road, Karachi-75700 (Works 2)

NOTICE OF MEETING

Notice is hereby given that the Forty-fifth Annual General Meeting of the Shareholders of Messrs BUXLY PAINTS LIMITED, Karachi will be held at the Registered Office of the Company at E/20, S.I.T.E. Polytechnic Road, Karachi-75700 on Wednesday the 29th December, 1999 at 10-00 a.m. to transact the following business:-

1. To confirm the Minutes of the Forty-fourth Annual General Meeting held on Monday the 28th December, 1998.
2. To receive, consider and adopt the audited Balance Sheet and Profit & Loss Account together with the Directors' and Auditors' Reports thereon for the year ended 30th June, 1999.
3. To appoint Auditors for the ensuing year and approve their remuneration. The retiring Auditors M/s. Ford, Rhodes, Robson, Morrow have offered themselves for re-appointment at existing remuneration.
4. To transact any other business which may legally be transacted at an Annual General Meeting.

By Order of the Board

Karachi:
Dated: 2nd December, 1999

Muhammad Khan
Company Secretary

NOTES:

1) The Share Transfer Books of the Company will be closed from Thursday the 23rd December, 1999 to Thursday the 6th January, 2000 both days inclusive. Transfers received in order, at the Registered Office of the Company by the close of Business i.e. by 1-00 p.m. on Wednesday the 22nd December, 1999, will be treated in time for the purpose of eligibility to attend the Annual General Meeting.

2) Any member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote on his/her behalf. PROXIES MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE MEETING.

3) Shareholders are requested to notify the company of any change in their address immediately.

REPORT OF THE DIRECTORS

Dear Shareholders:

Several years of continuous uncertainty in the country's economic instability has caused considerable disruption in the industrial sector where competition is bitter and the industry continues to bleed under double system of taxation.

The failure of Government agencies for some reasons in not implementing the Budgetary provisions, non issue of SRO's related to stoppage of legalized evasion of taxes coupled with increasing cost of living, falling value of rupee have all contributed to present state of affairs.

The management has been able to cut down some expenses wherever possible, however there are areas over which the management has no control such as the Workers Union Agreement, the fluctuations in the forex values etc where no legal flexibility is available.

During the year under review all the above factors were very significant in our reduced volumes which directly

affect the overall position of the year's accounts. In the organized sector of the Paint industry only the multinationals were able to show stability while two of the local paint companies are known to have gone out of active production. The fact that your company has been fighting back against all above noted factors augurs well for the future.

During the year under review your company has successfully achieved the ISO 9002 Certification.

Tides always change with time and we feel the tide must change for the better for us after nearly three years of troubled waters.

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
TRADING RESULTS:		
The net profit/(Loss) for the year after deducting all Charges and administration & selling expenses.	(4,752,249)	1,884,530
Add/Less: Provision for taxation.	930,942	2,000,000
Loss after taxation	(5,683,191)	(115,470)
Less/Add: Unappropriated profit brought forward.	68,791	184,261
	(5,614,400)	68,791
Appropriation:		
Proposed dividend	--	--
Unappropriated Profit/(Loss) carried forward.	(5,614,400)	68,791
	=====	=====

PATTERN OF SHARE HOLDING:

The Pattern of shareholding is annexed to the accounts and represents the total paid up capital of Rs. 14.400 Million.

BOARD OF DIRECTORS:

In early November '99 Mr. Mushir Alam Khan one of the founder Director of your company passed away and Miss Ayla F Khan has been appointed to fill the vacancy so caused for the remaining duration of the present boards tenure.

AUDITORS:

The retiring Auditors Messrs Ford,. Rhodes, Robson, Morrow, Chartered Accountants being eligible, offer themselves for re-appointment at existing remuneration.

NO OF EMPLOYEES:

The company employed 249 (1998: 262) employees at the end of the year.

LABOUR RELATIONS:

As usual.

Karachi	YUSUF BABAR KHAN Executive Director	WASSIM ALAM KHAN Managing Director/
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Dated: 2nd December, 1999

Chief Executive**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of BUXLY PAINTS LIMITED as at June 30, 1999 and the related profit and loss account and statement of changes in financial position (cash flow statement), together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

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

(b) in our opinion:

(i) the balance sheet and profit 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 (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 company's affairs as at June 30, 1999 and of the loss and the changes in financial position (cash flows) for the year then ended; and

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

Karachi-

Dated: 2nd December, 1999

**Ford, Rhodes, Robson, Morrow
Chartered Accountants****BALANCE SHEET AS AT 30TH JUNE, 1999**

	<i>Note</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
SHARE CAPITAL AND RESERVES			
Authorised 5,000,000 ordinary shares of Rs. 10 each		50,000,000	50,000,000
Issued, subscribed and paid-up	3	14,400,000	14,400,000
Revenue reserve	4	(2,048,775)	3,634,416

		12,351,225	18,034,416
SURPLUS ON REVALUATION OF FIXED ASSETS	5	25,060,268	25,060,268
LONG TERM DEPOSITS	6	528,000	528,000
DEFERRED LIABILITIES			
Staff gratuity		5,643,485	5,347,506
Directors' retirement benefits		300,000	300,000
		-----	-----
		5,943,185	5,647,506
OBLIGATION UNDER FINANCE LEASES	7	855,608	1,170,250
CURRENT LIABILITIES			
Current portion of obligation under finance leases	7	787,763	1,105,261
Short term running finances-secured	8	24,930,625	25,260,402
Short term loan	9	3,837,055	5,000,000
Creditors, accrued and other liabilities	10	43,869,635	33,627,572
Unclaimed dividend		105,690	122,584
		-----	-----
		73,530,768	65,115,819
CONTINGENCIES AND COMMITMENTS	11		
		-----	-----
		118,269,354	115,556,259
		=====	=====
TANGIBLE FIXED ASSETS			
Operating assets at cost less accumulated depreciation	12	24,423,587	25,147,622
Capital Work-in-progress	13	579,049	556,660
		-----	-----
		25,002,636	25,704,282
LONG TERM DEPOSITS	14	1,486,894	1,235,067
CURRENT ASSETS			
Stock-in-trade	15	30,510,918	35,113,030
Trade debtors	16	46,805,529	38,952,597
Advances, deposits, prepayments and other receivables	17	11,686,444	12,914,403
Cash and bank balances	18	2,776,933	1,636,880
		-----	-----
		91,779,824	88,616,910
		-----	-----
		118,269,354	115,556,259
		=====	=====

The annexed notes form an integral part of these accounts.

The auditors' report is annexed hereto.

Chief Executive

Director

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

	<i>Note</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
Sales	19	186,188,376	190,877,697
Cost of sales	20	153,294,307	152,649,075
Gross profit		32,894,069	38,228,622
Administrative expenses	21	21,871,214	22,757,802
Selling expenses	22	13,107,352	13,385,107
		34,978,566	36,142,609
Operating (Loss)/Profit		(2,084,497)	2,086,013
Other income	23	544,394	1,432,202
Claim for refund of excise duty	24	3,428,095	4,437,133
		1,887,992	7,955,348
Financial charges	25	6,640,241	5,931,957
Workers' profit participation fund		--	101,170
Workers' welfare fund		--	37,691
		6,640,241	6,070,818
(Loss)/Profit before taxation		(4,752,249)	1,884,530
Taxation			
Current		930,942	1,400,000
Prior years		--	600,000
		930,942	2,000,000
(loss) after taxation		(5,683,191)	(115,470)
Unappropriated profit brought forward		68,791	184,261
(Loss)/Profit available for appropriation		(5,614,400)	68,791
Appropriation			
Unappropriated (Loss)/Profit carried forward		(5,614,400)	68,791
BASIC EARNINGS PER SHARE	30	(3.95)	(0.08)

Chief Executive

Director

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

	1999	1998
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss/Profit before taxation	(4,752,249)	1,884,530
Adjustments for		
Depreciation	1,873,460	2,033,587
Profit on sale of fixed assets	--	(101,053)
Provision for retirement gratuity - net of payment	295,979	606,555
Financial charges on borrowings	6,185,063	5,515,541
	-----	-----
	8,354,502	8,054,630
	-----	-----
Operating profit before working capital changes	3,602,253	9,939,160
Changes in working capital		
(Increase)/decrease in current assets		
Stock-in-trade	4,602,112	(1,102,139)
Trade debtors	(7,852,932)	6,895,092
Advances, deposits, prepayments and other receivables	696,100	(6,262,377)
Increase in current liabilities		
Creditors, accrued and other liabilities	10,331,278	(666,051)
	-----	-----
	7,776,558	(1,135,475)
	-----	-----
Cash generated from operations	11,378,811	8,803,685
Taxes paid	(399,083)	(2,784,390)
Financial charges paid	(6,274,278)	(6,568,375)
Directors retirement benefits	--	(500,000)
	-----	-----
Net cash from/(used in) operating activities (A)	4,705,450	(1,049,080)
	=====	=====
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of fixed assets	--	463,525
Acquisition of fixed assets	(1,171,814)	(1,809,945)
Long term deposits	(251,827)	33,260
	-----	-----
Net cash used in investing activities (B)	(1,423,641)	(1,313,160)
	=====	=====

	1999	1998
	Rupees	Rupees
CASH FLOW FROM FINANCING ACTIVITIES		
Long term deposits	--	--
Short term finances	(1,492,722)	3,629,679

Finance lease - net	(632,140)	(312,576)
Dividend paid	(16,894)	(1,777,234)
	-----	-----
Net cash (used in) from financing activities (c)	(2,141,756)	1,539,869
	=====	=====
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	1,140,053	(822,371)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,636,880	2,459,251
	-----	-----
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,776,933	1,636,880
	=====	=====
Chief Executive	Director	

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

1. THE COMPANY AND ITS OPERATIONS

Buxly Paints Limited was incorporated on April 08, 1954 and is quoted on the Stock Exchanges in Pakistan. The company is a manufacturer of paints, pigments, protective surface coatings, varnishes and other related products.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention

These accounts have been prepared under the historical cost convention modified by the revaluation of certain flexed assets,

(b) Fixed assets

Owned

These are stated at cost or applicable valuation less accumulated depreciation. Depreciation is charged to income applying the reducing balance method and the rates used are stated in note 12 to the accounts. Leasehold land is amortized over the remaining period of the lease. In respect of additions during the year, depreciation is charged for full year, however, no depreciation is charged in the year of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised. Profit or loss on disposal of assets is included in income currently.

Leased

Assets subject to finance leases are included as tangible fixed assets at cost less accumulated depreciation.

The outstanding obligations under the leases less financial charges allocated to future periods are shown as liability.

Depreciation is charged at the same rates as company owned assets.

(c) Stock-in-trade

These are valued at the lower of cost, determined on first-in-first-out method or net realizable value,

except for those in transit which are valued at cost.

(d) Retirement benefits

i) Staff gratuity

The company operates an approved gratuity fund scheme and provision in respect thereto are made in accordance with the recommendations of the actuary.

ii) Provident fund

The company also operates an approved provident fund scheme and contributions thereto are made in accordance with the terms of the scheme.

(e) Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits available or 0.5% of turnover u/s 80(d) of Income tax Ordinance 1979, whichever is higher. The company accounts for deferred taxation on all significant timing differences using the liability method. As a measure of prudence deferred tax debits are not accounted for.

(f) Foreign currency

Assets and liabilities in foreign currency are stated in rupees at the rates of exchange ruling on the balance sheet date or rates of exchange fixed under contractual arrangements. All exchange differences are included in the profit and loss account.

(g) Revenue recognition

Sales are recorded on despatch of goods to customers.

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
Ordinary shares of Rs. 10 each		
1,257,288 shares fully paid in cash	12,572,880	12,572,880
82,712 shares issued as fully paid for consideration other than cash	827,120	827,120
100,000 shares issued as fully paid bonus shares	1,000,000	1,000,000
-----	-----	-----
1,440,000	14,400,000	14,400,000
=====	=====	=====
4. REVENUE RESERVE		
General Reserve - opening balance	3,565,625	3,565,625
Unappropriated (loss)/profit as per profit and loss account	(5,614,400)	68,791
	-----	-----
	(2,048,775)	3,634,416
	=====	=====

5. SURPLUS ON REVALUATION OF FIXED ASSETS

Leasehold land, factory and office buildings and plant and machinery were revalued by Salim Hyder & Co. on 3rd May, 1976 resulting in an increase over book values of Rs. 683,000, Rs. 421,076 and Rs. 564,093 respectively, totalling Rs. 1,668,169 which has been credited to the surplus on revaluation of fixed assets account.

A second revaluation of leasehold land, factory and office buildings and plant and machinery was carried out by Iqbal A. Nanjee & Company on 14th June, 1989 resulting in an increase over book values of Rs. 16,432,000 Rs. 1,865,630 and Rs. 8,749,326 respectively, totalling Rs. 27,046,956 which has credited to the surplus on revaluation of fixed assets account.

Surplus on revaluation of Rs. 3,565,625 has been transferred to general reserve on disposal of leasehold land, Depreciation is also being provided with reference to the value assigned to these assets on revaluation.

5.1 Figures relating to the original cost and revaluations in respect of revalued assets are given below:-

	<i>Note</i>	<i>Surplus on revaluation Rupees</i>	<i>Original cost Rupees</i>
Leasehold land		13,549,375	--
Factory and office building on leasehold land		2,286,706	6,999,835
Plant and machinery		9,224,187	2,339,976
		----- 25,060,268 =====	----- 9,339,811 =====
		<i>1999 Rupees</i>	<i>1998 Rupees</i>

6. LONG TERM DEPOSITS

From suppliers		200,000	200,000
From employees	6.1	328,000	328,000
		----- 528,000 =====	----- 528,000 =====

6.1 The above are interest free deposits obtained from the officers against car provided to them under the Company's Car Scheme. The employees have authorised the company to utilize the deposits for business purposes.

7. OBLIGATION UNDER FINANCE LEASES

a) The rate of return used as the discounting factor range between 21.292% to 27.632% per annum.
(1998: 21.292% to 27.762%)

b) The amount of future payments and the periods during which they will become due are:

Year ended on 30th June, 1999		--	1,511,833
Year ended on 30th June, 2000		1,047,112	772,998
Year ended on 30th June, 2001		525,840	464,360
Year ended on 30th June, 2002		490,345	321,215
Year ended on 30th June, 2003		22,954	--
		----- 2,086,251 =====	----- 3,070,406 =====

Less: Finance charges allocated to future periods	442,880	794,895
	-----	-----
	1,643,371	2,275,511
Less: Current portion shown under current liabilities	787,763	1,105,261
	-----	-----
	855,608	1,170,250
	=====	=====
8. SHORT TERM RUNNING FINANCES- secured		
From at bank	24,930,625	25,260,402
	=====	=====

These are obtained under mark-up arrangement and are secured against hypothecation/pledge of stock-in-trade, bookdebts, documentary bills under collection, first charge on current and fixed assets of the company collaterally secured by mortgage of factory.

The facility for short term running finances amounts to Rs. 34.5 million (1998: Rs. 31 million). The above carry mark-up at the rate of Rs. 0.50 (1998: Rs. 0.57) per thousand rupees per day, which is payable currently.

	<i>Note</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
9. SHORT TERM LOAN - secured			
From a financial institution		5,000,000	3,837,055
		=====	=====

The company has entered into a morabaha transaction whereby goods have been sold with an agreement to purchase them on a deferred payment basis by June 04, 2000. The rate of mark-up is 54.80 paisas per Rs. 1,000 per day payable quarterly.

The above loan is secured against pledge of stock and personal guarantees of some of the directors.

10. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		30,505,868	25,283,543
Advances from customers		103,687	996,662
Accrued expenses		2,541,948	4,083,845
Bills payable		6,694,841	1,049,500
Mark-up accrued on secured short term running finances & short term loan		558,821	648,036
Staff provident fund		316,256	1,820
Workers profit participation fund	10.1	--	101,170
Workers welfare fund		--	37,691
Sales tax		2,761,835	1,034,186
Rahim Bux Khan Trust		264,382	264,382
Others		121,997	126,737
		-----	-----
		43,869,635	33,627,572
		=====	=====

10.1 Worker's profit participation fund

Balance as at 1st July		--	210,470
------------------------	--	----	---------

Allocation for the year	--	101,170
	-----	-----
	--	311,640
Interest on fund utilized in company's business	--	19,732
	-----	-----
	--	331,372
Amount paid to workers	--	230,202
	-----	-----
	--	101,170
	=====	=====

11. CONTINGENCIES AND COMMITMENTS

(a) Letters of guarantee outstanding	2,393,100	3,055,470
	=====	=====
(b) Letters of credit outstanding	362,300	1,001,200
	=====	=====

12. TANGIBLE FIXED ASSETS

	<i>COST</i>					<i>DEPRECIATION</i>				<i>Written down value as at June 30, 1999</i>
	<i>As at July 01, 1998</i>	<i>Additions during the year</i>	<i>Disposals during the year</i>	<i>As at June 30, 1999</i>	<i>Rate</i>	<i>As at July 01, 1998</i>	<i>For the year</i>	<i>On disposals</i>	<i>As at June 30, 1999</i>	
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>%</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	
(a) OWNED										
Leasehold land	13,549,375	--	--	13,549,375	--	1,806,492	180,613	--	1,987,105	11,562,270
Factory and office buildings on leasehold land	10,717,341	694,000	--	11,411,341	5 & 10	7,207,897	347,662	--	7,555,559	3,855,782
Plant and machinery	12,796,456	9,500	--	12,805,956	10	8,229,757	457,620	--	8,687,377	4,118,579
Gas, electrical and telephone installation	1,003,035	78,947	--	1,081,982	10	683,556	39,843	--	723,399	358,583
Furnace	45,837	--	--	45,837	10	41,802	404	--	42,206	3,631
Laboratory equipment	1,127,291	104,700	--	1,231,991	10	606,071	62,592	--	668,663	563,328
Furniture and fixtures	993,784	33,952	--	1,027,736	10	620,936	40,680	--	661,616	366,120
Loose tools	20,597	--	--	20,597	10	18,550	205	--	18,755	1,842
Office equipment	631,847	--	--	631,847	10	391,992	23,986	--	415,978	215,869
Factory equipment	658,240	--	--	658,240	10	451,200	20,704	--	471,904	186,336
Computer	546,025	101,900	--	647,925	10	235,039	41,287	--	276,326	371,599
Motor vehicles	3,276,188	--	--	3,276,188	20	2,246,618	205,915	--	2,452,533	823,655
	-----	-----	-----	-----		-----	-----	-----	-----	-----
	45,366,016	1,022,999	--	46,389,015		22,539,910	1,421,511	--	23,961,421	22,427,594
	-----	-----	-----	-----		-----	-----	-----	-----	-----
(b) LEASED										
Plant and Machinery	158,220	--	--	158,220	10	15,822	14,240	--	30,062	128,158
Laboratory equipment	260,000	--	--	260,000	10	26,000	23,400	--	49,400	210,600
Motor vehicles	3,129,425	126,426	--	3,255,851	20	1,184,307	414,309	--	1,598,616	1,657,235

	3,547,645	126,426	--	3,674,071	1,226,129	451,949	--	1,678,078	1,995,993
1999	48,913,661	11,494,425	--	50,063,086	23,766,039	1,873,460	--	25,639,499	24,423,587
1998	47,726,424	1,836,964	(649,727)	48,913,661	22,019,707	2,033,587	(287,255)	23,766,039	25,147,622

* Additional depreciation arising due to revaluation of assets amounts to Rs. 569,362 (1998: Rs. 611,050). Also see note 5.

	1999 Rupees	1998 Rupees
12.1 Depreciation expense has been allocated as under:		
Administrative expenses	795,673	909,649
Cost of sales	1,077,787	1,123,938
	1,873,460	2,033,587

	1999 Rupees	1998 Rupees
13. CAPITAL WORK-IN-PROGRESS - at cost		
Civil works	579,049	556,660
	579,049	556,660
14. LONG TERM DEPOSITS - CONSIDERED GOOD		
Security deposits - K.E.S.C.	63,969	63,969
-Telephone and telegraph	4,300	4,300
- Leasing company	337,930	325,285
- Others	1,080,695	841,513
	1,486,894	1,235,067

	1999 Rupees	1998 Rupees
15. STOCK-IN-TRADE		
Raw material		
In-hand	13,278,062	24,632,874
In-bond	9,321,846	1,385,784
In-transit	235,901	340,908
	22,835,809	26,359,566
Containers	1,196,156	1,428,834
Packing material	117,193	113,135
Finished goods		
In-hand	5,910,651	6,679,461
In-transit	451,109	532,034
	30,510,918	35,113,030

16. TRADE DEBTORS - unsecured

Considered good	16.1	46,805,529	38,952,597
Considered doubtful		1,581,941	970,387
		48,387,470	39,922,984
Less: Provision for doubtful debts		1,581,941	970,387
		46,805,529	38,952,597

16.1 The above includes Rs. 2,038,185 (1998: Rs. 2,872,833) which is outstanding for more than three years. The company has filed suits against the debtors and is confident about the recovery of the amount, hence pending outcome of the legal cases and the resolution of the matter, no provision has been made in these accounts for the same.

		<i>1999</i> <i>Rupees</i>	<i>1998</i> <i>Rupees</i>
17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - considered good			
Advances - unsecured - considered good			
Employees	17.1	65,200	59,670
Suppliers		255,828	589,100
Income tax		4,502,626	5,034,485
L/c charges		25,000	33,539
Others		53,000	139,716
		4,901,654	5,856,576
Deposits			
Margin against letters of guarantee		777,160	1,348,205
Excise duty		223	6,785
Earnest money		413,928	342,900
Custom duty		225,000	--
Central Depositing Company		100,000	--
		1,516,311	1,697,890
Prepayments			
Insurance		216,314	329,712
Others		490,668	570,437
		706,982	900,149
Other receivables			
Sales tax refundable		1,030,682	--
Excise duty refundable	24	3,428,095	4,437,133
Insurance claim		--	22,655
Sales tax		26,502	--
Others		76,218	--

4,561,497	4,459,788
-----	-----
11,686,444	12,914,403
=====	=====

17.1 This includes advance to an executive Rs. 6,100 (1998: Rs. 5,000). Maximum amount due at the end of any month during the year was Rs. 25,000 (1998: Rs. 5,000).

18. CASH AND BANK BALANCES

Cash in hand	872,553	327,416
With bank in current account	1,904,380	1,309,464
	-----	-----
	2,776,933	1,636,880
	=====	=====

19. SALES

Gross Sales	231,511,299	234,595,817
Less: Sales-tax	27,935,991	27,220,996
Commission and discount	17,386,932	16,497,124
	-----	-----
	45,322,923	43,718,120
	-----	-----
	186,188,376	190,877,697
	=====	=====

20. COST OF SALES

Opening stock		
Raw material	26,018,659	24,432,114
Containers	1,428,834	1,637,546
Packing material	113,135	135,655
	-----	-----
	27,560,628	26,205,315

Add: Purchases

Raw material	94,116,960	99,543,346
Containers	14,112,239	14,406,245
Packing material	2,036,078	1,823,340
	-----	-----
	110,265,277	115,772,931
	-----	-----
	137,825,905	141,978,246

Less: Closing stock

Raw material	22,599,908	26,018,659
Containers	1,196,156	1,428,834
Packing material	117,193	113,135
	-----	-----
	23,913,257	27,560,628

Raw material, containers and packing material consumed	113,912,648	114,417,618
--	-------------	-------------

Excise duty	20,679,835	21,322,333
Manufacturing expenses		
Salaries, wages and other benefits	11,003,940	11,642,836
Medical expenses	615,761	561,393
Rent, rates and taxes	359,679	315,957
Fuel water and power	2,436,080	2,297,046
Laboratory expenses	127,880	105,707
Repairs and maintenance	1,156,664	1,069,982
Insurance	393,807	392,821
Depreciation	1,077,787	1,123,938
Lunch subsidy and catering expenses	568,437	484,738
Sundry expenses	112,054	109,344
	-----	-----
	17,852,089	18,103,762
	-----	-----
Cost of goods manufactured	152,444,572	153,843,713
Opening stock of finished goods	7,211,495	6,016,857
Closing stock of finished goods	(6,361,760)	(7,211,495)
	-----	-----
	153,294,307	152,649,075
	=====	=====

	<i>Note</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
21. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		11,895,642	12,782,681
Staff gratuity		1,029,659	1,115,496
Insurance		223,100	231,413
Printing and stationery		635,066	560,708
Postage, telegram and telex		169,075	161,545
Telephone		855,105	956,802
Travelling and conveyance		831,264	1,428,875
Fees and Subscription		389,215	317,055
Donations	21.1	96,169	115,089
Professional fee		577,540	134,975
Vehicle expenses		1,885,964	1,698,436
Repairs and maintenance		289,520	390,135
Depreciation		795,673	909,649
Auditors' remuneration	21.2	160,000	188,285
Bad debts		1,581,941	1,345,495
Sundry expenses		456,281	420,863
		-----	-----
		21,871,214	22,757,502
		=====	=====

21.1 This includes donations to Rahim Bux Khan Trust amounting to Rs. 12,000 (1998: Rs. 12,000).
Mr. Wassim Alam Khan and Mr. Nasim Alam Khan, Directors, are also the trustees of Rahim Bux Khan Trust.

21.2 Auditors' remuneration

Statutory audit	100,000	100,000
Taxation services	45,000	73,285
Worker's profit participation fund audit	1,000	1,000
Out-of-pocket expenses	14,000	14,000
	-----	-----
	160,000	188,285
	=====	=====

	<i>1999</i>	<i>1998</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
22. SELLING EXPENSES		
Salaries, wages and other benefits	3,737,973	3,934,184
Sample expenses	63,709	104,895
Rent	394,594	294,612
Carriage outward	2,370,232	2,171,546
Packing charges	301,683	595,608
Advertising expenses	1,812,891	2,344,429
Sales promotion expenses	4,426,270	3,939,833
	-----	-----
	13,107,352	13,385,107
	=====	=====

23. OTHER INCOME

Profit on trading	23.1	--	472,823
Income from sale of scrap		103,110	88,875
Profit on disposal of fixed assets		--	101,053
Royalty		427,276	748,382
Others		14,008	21,069
		-----	-----
		544,394	1,432,202
		=====	=====

23.1 Profit on trading

Sales	--	1,268,286
Less: Cost of sales	--	795,463

	--	472,823
		=====

24. REFUND OF EXCISE DUTY

The company lodged refund claim in 1992 pertaining to excise duty paid on the purchase of thinners from Pakistan State Oil Company Limited. During the year claim pertaining to the period April 1987 to February 1991 were settled in favour of the company as per order of the Collector, Central Excise, Karachi.

Based on that order of the Collector, Central Excise, the company has lodged claim pertaining to the period January 1983 to January 1987 which amount to Rs. 3,428,095. The company is confident that this claim too will be settled in the company's favour.

25. FINANCIAL CHARGES

Finance cost on leases	392,581	556,164
------------------------	---------	---------

Mark-up on - short term running finances	4,943,153	4,896,363
Mark-up On - short term loan	849,329	63,014
Interest on workers' profit participation fund	11,148	19,732
Bank charges	444,030	396,684
	-----	-----
	6,640,241	5,931,957
	=====	=====

26. DEFERRED TAXATION

Deferred taxation arising due to timing differences computed under the liability method is estimated at Rs. 1,235,827 debit (1998: Rs. 33,258 debit) of which Rs. 1,202,569 debit (1998: Rs. 674,933 debit) relates to the current year. The debit balance has not been set-up in accordance with the company's policy.

27. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

<i>Particulars</i>	<i>Chief Executive</i>		<i>Directors</i>		<i>Executives</i>	
	<i>1999 Rupees</i>	<i>1998 Rupees</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
Managerial remuneration	540,000	540,000	592,800	592,800	2,006,524	1,876,229
House rent allowance	243,000	243,000	266,760	266,760	838,772	818,652
Utilities	151,200	151,200	119,760	119,760	103,200	103,200
Medical expenses	18,000	22,000	23,797	25,369	79,148	77,645
Leave passage	--	144,000	31,200	124,800	96,250	62,300
	-----	-----	-----	-----	-----	-----
	952,200	1,100,200	1,034,317	1,129,489	3,123,894	2,938,026
	=====	=====	=====	=====	=====	=====
Numbers of persons	1	1	2	2	14	13

27.1 The Chief Executive, Directors and some Executives are also provided with the use of company maintained cars.

27.2 Directors were paid fee amounting to Rs. 7,500 (1998: Rs. 6,000) for attending meetings of the company.

<i>1999</i>	<i>1998</i>
-------------	-------------

28. ACTUAL PRODUCTION

Production in litres	1,909,043	1,996,017
	=====	=====

The capacity of the company's plant is indeterminable as it is a multi product plant involving varying processes of manufacturing.

29. UNUTILISED CREDIT FACILITY

This amounted to Rs. 9.570 million (1998: Rs. 5.740 million).

<i>1999 Rupees</i>	<i>1998 Rupees</i>
------------------------	------------------------

30. BASIC EARNING PER SHARE

(Loss)/Profit after taxation attributable to ordinary shares	(5,683,191)	(115,470)
	-----	-----

Issued and subscribed number of ordinary shares	1,440,000	1,440,000
	-----	-----
Basic earning per share	(3.95)	(0.08)
	=====	=====

31. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

31.1 Credit risk exposure

Company's exposure to credit risk is indicated by the carrying amount of its receivables. The Company controls credit risk by monitoring the amount of credit extended, limiting transactions with specific customers and continually assessing the credit worthiness of customers. The company minimizes concentration of credit risk by diversifying business with different types of customers.

The company's concentration of credit risk can be seen from the following details of outstanding debtors.

	<i>Amount Rupees</i>	<i>Percentage %</i>
Government department	11,156,659	23.06
Industries	12,896,212	26.65
Dealers	14,609,822	30.19
Others	9,724,777	20.10
	-----	-----
	48,387,470	100.00
	=====	=====

31.2 Interest/mark-up rate risk exposure

The company is exposed to interest/mark-up rate risk on some of the financial obligations. The rates of Interest/mark-up and their maturities are given in the respective notes.

31.3 Foreign exchange risk management

Import bills payable exposed to foreign currency risk amounting to Rs. 6,694,841

31.4 Fair value of Financial Instruments

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

32. GENERAL

(a) Previous year's figures have been rearranged, wherever necessary, for the purposes of comparison.

(b) Figures have been rounded off to the nearest rupee.

Chief Executive

Director

PATTERN OF SHARE HOLDINGS AS AT 30-06-1999

<i>NUMBER OF SHARE</i>	<i>SIZE OF HOLDING RS. 10/- SHARES</i>	<i>NUMBER OF SHARES HELD</i>
----------------------------	--	----------------------------------

HOLDERS

448	1	--	100	32,130
168	101	--	500	31,992
36	501	--	1000	30,128
27	1001	--	5000	72,540
14	5001	--	10000	103,440
5	10001	--	15000	57,500
4	15001	--	20000	71,536
1	20001	--	25000	24,780
6	25001	--	30000	161,879
3	30001	--	35000	93,288
2	40001	--	45000	80,994
1	75001	--	80000	76,610
1	80001	--	85000	81,280
1	165001	--	170000	166,194
1	355001	--	360000	355,709

 1,440,000
 =====

**CATEGORIES OF
 SHAREHOLDERS**

**NUMBER OF
 SHARE
 HOLDERS**

**SHARES
 HELD**

PERCENTAGE

1 - Individuals.	708	952,770	66.17
2 - Investment Companies	2	82,280	5.71
3 - Insurance Companies	1	10,000	0.70
4 - Joint Stock Companies	2	1,120	0.08
5 - Financial Institutions	1	355,709	24.70
6 - Modaraba	2	1,200	0.08
7 - Foreign Investors	--	--	--
8 - Co-operative Societies	1	11,400	0.79
9 - Charitable Trusts	1	25,521	1.77
10 - Others	--	--	--
Totals	718	1,440,000	100.00

 718 1,440,000 100.00
 =====