

# **Habib Arkady Limited**

## **Annual Report 1999**

### **BOARD OF DIRECTORS**

Gaffar A. Habib  
John R. Mahlich  
Haider Anvarali  
Habibullah A. Habib  
Mohsin A. Habib  
Bashir A. Habib  
Tufail Y. Habib

**Registered & Head Office**  
3rd Floor, AI-Rehman Bldg.  
I.I. Chundrigar Road,  
Karachi - 74200

### **DIRECTORS REPORT TO THE SHAREHOLDERS**

Dear Shareholders,

The year under review was one full of challenges; as numerated:

1. World prices of our raw material - Rice - remained very high due to drought in the Rice growing /consuming areas brought about by the El Nino; while favourable growing conditions for corn (raw material for competing producers) and its resulting lower prices took a severe toll on our sales.
2. As a result of a continuing drought in the Hub River catchment area - the Hub Dam reservoir was totally depleted. Our factory draws water from the Hub Dam lake and hence the water supply was curtailed till it was totally stopped in April.

The intermittent plant operations meant higher costs of operation.

3. Attempts to pass on these higher costs were successful with only a small portion of our market and hence a big drop was registered in our sales figures.

Habib Sorbitol:

4. Low priced Imported Sorbitol (subsidized by E.U.) continued to be dumped into our markets - sales tax free - while sales tax incurred on our raw material and inputs had to be absorbed by us forcing us to merge the Sorbitol unit into the main operations as on 31st July, 1999.

Notwithstanding these adverse conditions, we bow our heads in gratitude to Allah the Provider for having Blessed us with His Bounties which have enabled us to close the year in a profit, which the Board of Directors propose to appropriate as follows:

Profit Before Taxation  
Provision for Taxation

Profit After Taxation  
Unappropriated Profit brought forward

Profit available for appropriation

Appropriations:

Cash Dividend @ 15% on Paid-up-Capital  
i.e. Rs.0.75 per share on 30,000,000 shares  
Unappropriated Profit carried forward

Earning per share (of Rs.5/-) for current year is Rs.0.75 verses Rs.1.43 for preceding year.

**Present Situation:**

The monsoons of 99 have come and gone - with little rain in the catchment area (of the 60 foot drop in the level - the water has risen 4 feet) allowing one day a week supply of water to the plant. We continue to purchase water by tankers to enable partial operation of the plant.

**Future:**

**-- Habib Agglomeration:**

We intend to shift the plant to Quetta to take advantage of the favourable weather conditions conducive to production. This shift will mean a temporary dislocation of production during the winter off season and we hope to restart in time for the high summer season.

**-- Habib Microfine:**

With the expiry of the tax holiday period, we have made suitable amendments in our articles to permit exports through this company of our other products as well.

-- We have taken on lease from our Associated Sister Companies, an Oil Extraction Plant which we hope to operate on Canola Oil Seed.

-- We are diversifying into other higher value added products.

AND

Most importantly - please join me in our Prayers to Allah the Beneficent the Provider to Bless us with Beneficial rains and Bless our efforts with Bounties as Befits His Glory. Aameen.

KARACHI DATED: 30th September, 1999

## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of **M/S. HABIB ARKADY 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 purpose 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 the 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 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 Statement of changes in financial position-Cash flow together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1999 and of the Profit for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 has been deducted and deposited under section 7 of that Ordinance.

KARACHI DATED: 30th September, 1999

## **BALANCE SHEET AS AT JUNE 30, 1999**

### **AUTHORISED CAPITAL**

40,000,000 Ordinary Shares of Rs. 5/= each

### **ISSUED SUBSCRIBED AND PAID UP CAPITAL**

**RESERVE AND SURPLUS:**

**CAPITAL RESERVE**

**REVENUE RESERVE**

**UNAPPROPRIATED PROFIT**

**LONG TERM LOANS (Secured)**

**CURRENT LIABILITIES:**

Current Maturity of Long Term Loans  
Short Term Running Financing (Secured)  
Creditors and Accrued Liabilities  
Advances and Deposits  
Proposed Dividend

**CONTINGENCIES & COMMITMENTS**

**TANGIBLE FIXED ASSETS**

**LONG TERM:**

Deposits  
Investment in Share Capital of  
Subsidiary Companies

Loan to wholly owned Subsidiary Companies  
Investment in Securities

**CURRENT ASSETS:**

Stores, Spares and Loose Tools  
Stock in Trade  
Trade Debts  
Advances, Deposits, Pre-Payments and  
Other Receivables  
Cash and Bank Balances

Note: The annexed notes form an integral part of these accounts.

KARACHI DATED: 30th September, 1999

**HAIDER ANVARALI**  
**Chief Executive**

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

SALES (Net)

Local

Export

Cost Of Goods Sold

Gross Profit

Less:

Administrative Expenses

Selling Expenses

Financial Expenses

Operating (Loss) / Profit

Add: Net Income from Subsidiary Cos.

Other Income

Less: Other Charges

Prior Year's Adjustments

Profit Before Taxation

Provision For Taxation

Profit After Taxation

Unappropriated Profit Brought Forward

Proposed Final Dividend @ 15% i.e. Rs. 0.75 per share on 30,000,000 shares (1998: @ 30%)

Unappropriated Profit Carried Forward

Note: The annexed notes form an integral part of these accounts.

**HAIDER ANVARALI**  
**Chief Executive**

KARACHI DATED: 30th September, 1999

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

**NET CASH (OUTFLOW)/INFLOW FROM  
OPERATING ACTIVITIES**

Cash Generated From Operations  
Profit Before Tax  
Adjustment for non cash charges and other items  
Depreciation  
(Gain) / Loss on Disposal of Fixed Assets  
Financial Charges

Cash Flow from operating activities before working  
capital changes

(Increase) / Decrease in Current Assets  
Stores, Spares & Loose Tools  
Stock in Trade  
Trade Debts  
Advances, Deposits, Prepayments & Other Receivables

Increase / (Decrease) in Current Liabilities  
Short Term Running Financing (Secured) paid  
Trade Creditors & Accrued Expenses  
Advances & Deposits

Effects of Cash Flow due to Working Capital changes

Cash Flow from operating activities  
Financial Charges paid

Net Cash (Outflow) / Inflow from Investing Activities  
Capital Expenditure  
Sale Proceeds from disposal of fixed assets  
Loan to Subsidiary Companies  
Investment in Securities

Net Cash (Outflow) / Inflow from Financing Activities  
Repayment of Long Term Loans  
Dividend Paid

Net Increase / (Decrease) in Cash and Cash equivalent

Cash and Cash equivalent at beginning of the year

Cash and Cash equivalent at the end of the year

***HAIDER ANVARALI***  
***Chief Executive***

KARACHI DATED: 30th September, 1999

## **NOTES TO THE ACCOUNT FOR THE YEAR ENDED JUNE 30, 1999**

### **1.00 HISTORY OF THE COMPANY**

The Company was incorporated in Pakistan on 10th July, 1980 as a public limited company and is quoted on Stock Exchanges in Karachi and Lahore. The principal activity of the Company is the manufacture of Starch Based Sugar and Rice Gluten. The company has also acquired the entire fixed assets of its wholly owned subsidiary namely Habib Sorbitol (Pvt) Ltd. in view of adverse effect of sales tax and also of prevailing business condition to its subsidiary with effect from 31st July 1999. Accordingly the company has started to manufacture, sale & export of hydrogenated sugar and related by products in the following year, immediately after purchase of fixed assets.

## **2.00 SIGNIFICANT ACCOUNTING POLICIES**

### **2.01 Accounting Convention**

Accounts of the Company have been prepared on historical cost convention.

### **2.02 Foreign Currency Translation**

Foreign Currency Transactions and receivables are recorded at the rate prevailing on the date of transactions and Foreign Currency deposits are translated into Pak Rupees at the rate of Exchange ruling at the Balance Sheet date.

### **2.03 Staff Retirement Benefits**

The Company operates Provident Fund Scheme for all its employees eligible for the benefits.

### **2.04 Taxation**

Provision for Current Taxation is computed in accordance with the provision of income tax ordinance 1979.

The Company accounts for deferred taxation on all material timing differences by using liability method.

### **2.05 Fixed Assets**

These are stated at cost less accumulated depreciation except free-hold land and capital work-in-progress, if any, which are stated at cost.

Depreciation is charged to income applying reducing balance method.

A full year's depreciation is charged on additions irrespective of the date of purchase whereas no depreciation is charged on the assets disposed off during the year.

Maintenance and normal repairs are charged to income as and when incurred.

### **2.06 Stores Spares and Loose Tools.**

Stores and Spares	Valued at average cost
Loose Tools	Stated at actuals

### **2.07 Stock in Trade**

Raw & Packing Material	Valued at average cost
Work-in-Process	Valued at average cost of raw material plus a portion of the manufacturing expenses
Finished Goods	Valued at lower of average cost and net realisable value.
Raw Material in Transit	Stated at actuals

### **2.08 Trade Debts**

Debts considered irrecoverable are written off and provision is made for debts considered doubtful.

### **2.09 Revenue Recognition**



Sales are recorded on despatch of goods to customers. Income on Investment is recorded when received.

### **2.10 Accounting For Lease.**

Lease expenses represent lease rental for assets being used under operating lease agreements with various leasing companies.

### **3.00 ISSUED SUBSCRIBED AND PAID UP CAPITAL**

15,000,000 Ordinary Shares of Rs.5/- each  
fully paid issued for Cash.

15,000,000 Ordinary Shares of Rs.5/- each  
issued as Fully Paid Bonus Shares.

### **4.00 CAPITAL RESERVE**

Premium on 5,000,000 Right Shares  
@ Rs.2/- per share

### **5.00 REVENUE RESERVE**

General Reserve

Less: Transfer to Paid up Capital by issue  
of Bonus Shares

### **6.00 LONG TERM LOANS (Secured)**

Local Currency Loans from Banks

- a. Allied Bank of Pakistan Ltd.
- b. United Bank Limited

Less: Current Maturity of Long Term Loans

### **SECURITY**

The above loan is secured by :-

1. An equitable mortgage on the fixed assets of the Company ranking ratable and pari

passu to each other.

2. A fixed floating charge on all other assets of the Company subject to the hypothecation charge in favour of the banks against short term finance (cash credit).

### **Restriction on Dividend**

The Company shall not declare any cash dividend during the period that the Company is in arrears of any installments without prior consent of the concerned Lender.

### **Interest Rates and Repayments**

#### **Local Currency Loans**

(i) UBL Loan bears an interest of 13% per annum.

(ii) United Bank Ltd loan has 6 quarterly installments remaining. The last of which is due on 31st December, 2000.

<b>7.00 SHORT TERM RUNNING FINANCE (Secured)</b>	<b>MARK UP RATE</b>	<b>SANCTIONED LIMIT RUPEES</b>
1. National Bank of Pakistan	0.48 *	
2. National Bank of Pakistan (Export Refinance)	8%	
3. Emirates Bank International	0.48 *	

National Bank financing is secured against hypothecation of Raw Materials, Finished Goods., Work-in-Process, Stores, Spares, Inventory-in-Transit and Receivables.

Emirates Bank International Financing is secured by pledge of raw material and finished goods.

\* Mark Up Rate - per thousand per day.

### **8.00 CREDITORS AND ACCRUED LIABILITIES**

Creditors

Accrued Expenses

Accrued Interest on Refinance Secured Loans

Other Liabilities (Note 8.01)

### **8.01 OTHER LIABILITIES**

Unclaimed Cheques For Right and  
Bonus Share Fraction  
Unclaimed Dividend  
Workers' Profits Participation Fund (Note 8.02)  
Workers' Welfare Fund  
Sales Tax Payable

### **8.02 WORKERS' PROFITS PARTICIPATION FUND**

Opening Balance  
Add: Interest on funds utilized for  
Company's business.

Add: Allocation for the year

Less: Amount paid to trustees

### **9.00 ADVANCES AND DEPOSITS**

Advances from Customers.

Security deposits from customers  
(Refundable on cessation of business  
dealings Free of Interest)

### **10.00 CONTINGENCIES & COMMITMENTS**

Commitments for rentals under operating lease as at 30th, June, 1999 amount to  
Rs.11.42 million payable as under :-

***YEAR***

1999  
2000  
2001  
2002

**11. TANGIBLE FIXED ASSETS**

<b>Particulars of Assets</b>	<i>As at 1-7-1998</i>	<i>COST Addition during the year</i>
Land (Lease hold)	12,598,032	
Factory Building (On Lease Hold Land)	46,000,816	
Non Factory Building (On Lease Hold Land)	497,807	
Larkana Office Building	713,450	
Plant & Machinery	299,362,649	
Tube-well	--	
Office Equipments	1,994,287	
Laboratory Equipments	2,997,226	
Furniture & Fixture	1,870,176	
Vehicles	8,832,053	
	-----	
Total 30th June, 1999	374,866,496	
	-----	
Total 30th June, 1998	352,794,478	
	=====	

Note:  
Depreciation has been allocated as under:  
Profit and Loss Account

Manufacturing Cost  
Administrative Cost

11-A. The following is a statement of Fixed Assets sold during the year.

<i>Particulars of Assets</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>
Mitsubishi Gallant Reg # F-9221 Model 1988	460,000	
Mitsubishi Lancer Reg # R-1204 Model 1990	397,100	
Mitsubishi Lancer Reg # R-2820 Model 1990	402,700	
Mitsubishi Gallant Reg # G-2385 Model 1987	473,750	
Mitsubishi Lancer Reg # M-0761 Model 1986	268,250	
Honda Civic Reg # E-5333 Model 1987	340,000	
Kawasaki G.T.O. Reg # KCS-5812 Model 1992	33,000	
Suzuki Mehran Reg # LOQ-188 Model 1993	198,400	
Mitsubishi Lancer Reg # F-4728 Model 1989	377,250	
Honda CD 70 Reg \$ KCC-7119 Model 1997	63,426	
Honda CG-125 Reg # KCC-5900 Model 1997	73,330	
Suzuki Mehran Reg # U-8514	160,000	

Model 1992	
Honda CD 70	57,600
Reg # HDJ-3932	
Model 1997	
Total 30th June, 1999	----- 3,304,806
Total 30th June, 1998	----- 693,900 =====

## **12.00 LONG TERM DEPOSITS**

Deposit - Security

## **13.00 LONG TERM INVESTMENT IN SUBSIDIARY COMPANIES**

(i) Habib Sorbitol (Pvt) Limited  
100,000 ordinary shares of Rupees 10/= each

(ii) Habib Agglomeration (Pvt) Limited  
100,000 ordinary shares of Rupees 10/= each.

(iii) Habib Microfine (Pvt) Limited  
100,000 ordinary shares of Rupees 10/= each.

100% Equity held by the company in the above unquoted joint stock companies.

Mr. Haider Anvarali is the Chief Executive of all the above mentioned three subsidiary companies.

## **14.00 LONG TERM LOANS TO SUBSIDIARY COMPANIES**

(unsecured - considered good)

- a) Habib Sorbitol (Pvt) Limited
- b) Habib Agglomeration (Pvt) Limited
- c) Habib Microfine (Pvt) Limited

The above loans carry proportionate interest as paid by holding company to the Banks.

#### **15.00 INVESTMENT IN SECURITIES**

Special Saving Certificate

#### **16.00 STORES, SPARES & LOOSE TOOLS**

Stores

Spares

Loose Tools

Stores in Transit

#### **17.00 STOCK IN TRADE**

Raw & Packing Material

Work-in-Process

Finished Goods

Raw Material-in-Transit

#### **18.00 TRADE DEBTS (Unsecured)**

Considered good

Subsidiary companies

Others

The maximum amount due from Subsidiary Companies at the end of any month during period was Rs. 27,259,772 (1998: Rs.23,471,563).

#### **19.00 ADVANCES, DEPOSITS, PRE-PAYMENTS AND OTHER RECEIVABLES**

Advances (Unsecured-Considered Good)

Staff

Others for supplies & expenses

Advance Income Tax - Refundable (Note 19.01)

Deposits:

Security  
Prepayments

Other Receivables:  
Interest Receivable  
Insurance Claims  
KMC Octroi Duty  
Sales Tax & Excise Duty  
Export Rebate

i) No amount was due from Directors and Chief Executive (1998: Nil).

ii) The maximum amount due from Associated Undertaking at the end of any month during the year was Rs. 11,000/- (1998: Nil).

#### **19.01 ADVANCE INCOME TAX REFUNDABLE**

Opening Balance  
Add: Reversal .of excess provision

Less: Refund received

Add: Tax deducted at source during the year

Less: Provision for current year

#### **20.00 CASH & BANK BALANCES**

Cash in Hand  
Balances with Banks:  
Local Currency Account:  
In Current Account



Foreign Currency Account:  
In Current Account

## **21.00 COST OF GOODS SOLD**

Raw & Packing Material consumed (Note 21.01)  
Repair Maintenance & Stores Consumed  
Utilities (Fuel, Power & Water)  
Salaries, Wages and Other Benefits  
Vehicle Expenses  
Insurance  
Protein Processing Charges  
Other Manufacturing Expenses (Note 21.02)  
Depreciation

Add: Opening Stock of Work-in-Process

Less: Closing Stock of Work-in-Process

Cost of Goods Produced  
Add: Opening Stock of Finished Goods

Less: Closing Stock of Finished Goods

Less: Rebate

Cost of Goods Sold

## **21.01 RAW & PACKING MATERIAL CONSUMED**

Opening Stock  
Add: Purchases

Available for Manufacturing  
Less: Closing Stock

**21.02 OTHER MANUFACTURING EXPENSES**

Travelling  
Cartage & Octroi inward  
Vehicle Hire Charges  
Printing & Stationery  
Postage, Telephone & Telegraph  
Rent, Rates & Taxes  
Conveyance  
Charity & Donation  
Entertainment  
Legal & Professional  
Advertisement  
Laboratory Testing  
Lease Exps  
Research & Development  
Others

**22.00 ADMINISTRATIVE EXPENSES**

Salaries, Wages & Other benefits  
Rent, Rates and Taxes  
Repair & Maintenance - Vehicle  
Repair & Maintenance Others  
Travelling  
Utilities (Electricity, Gas & Water)  
Postage; Telephone, Telex  
Printing & Stationery  
Advertisement  
Legal & Professional  
Insurance  
Conveyance  
Entertainment  
Directors Fee  
Audit Fee  
Lease Exps  
Depreciation  
Paper & Periodicals  
Others

### **23.00 SELLING AND DISTRIBUTION EXPENSES**

Salaries, Wages & Other benefits  
Rent, Rates and Taxes  
Repair & Maintenance - Vehicle  
Repair & Maintenance Others  
Travelling  
Utilities (Electricity, Gas & Water)  
Postage, Telephone, Telex  
Printing & Stationery  
Advertisement  
Insurance  
Samples  
Laboratory Testing  
Conveyance  
Entertainment  
Lease Exps  
Others  
Kosher Certification Exps

### **24.00 FINANCIAL EXPENSES**

Interest on Short Term Loans  
Interest on Workers' Profit participation Fund  
Bank Charges

Less: Interest on deposits

### **25.00 DIVIDEND FROM SUBSIDIARY COMPANIES:**

Habib Sorbitol (Pvt) Ltd  
Habib Agglomeration (Pvt) Ltd  
Habib Microfine (Pvt) Ltd

### **26.00 OTHER INCOME**

Rent From Subsidiary / Associated Companies  
Profit on Disposal of Fixed Assets (11A)

**27.00 OTHER CHARGES**

Workers' Profit Participation Fund  
 Workers' Welfare Fund

**28.00 PRIOR YEAR'S ADJUSTMENT**

Recording of legal charges & C.E.D. paid by  
 NBP in prior years  
 Reversal of excess provision made in Workers  
 Welfare Fund A/c. last year  
 Reversal of excess provision made in Income Tax  
 A/c. last year

**29.00 PROVISION FOR TAXATION**

For Current Year

**30.00 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES:**

	<i>Directors</i>	<i>Chief Executive</i>
Meeting Fee - 2 Directors (1998 - 2 Directors)	2,500	
Management Remuneration	2,017,200	
Contribution to P.F.	101,925	
	-----	
Rupees 1998-99	2,121,625	
	-----	
<b>Rupees 1997-98</b>	<b>2,105,825</b>	
Number of persons		
Rupees 1998-99	6	
<b>Number of persons</b>		
<b>Rupees 1997-98</b>	<b>6</b>	

In addition, Chief Executive, three of the Directors and the Executives are provided free use of cars.

31.00 None of the Directors or their spouses had any interest in the donee's fund.

### **32.00 PRODUCTION CAPACITY**

#### Capacity Utilised

The designed capacity of the plant is 45,000 M. Tons of High Fructose Syrup. However consequent upon modification the plant is also now capable of producing Liquid Glucose. Market constraint and shortage of water has been the main factor for low capacity utilisation.

### **33.00 TRANSACTIONS WITH ASSOCIATED UNDERTAKING**

- a. Civil Work
- b. Land Purchased
- c. Rent

### **34.00 STATEMENT PURSUANT TO SECTION 237(i) OF THE COMPANIES ORDINANCE 1984**

(1) A copy of the latest audited accounts of the following subsidiary companies for the year ended 30th June 1999, together with Directors and Auditors report enclosed.

- (a) Habib Sorbitol (Pvt) Limited.
- (b) Habib Agglomeration (Pvt) Limited
- (c) Habib Microfine (Pvt) Limited

(2) The informations required in terms of sub section 6 of section 237 of the Companies ordinance 1984 are as follows:

Extent of interest of the parent company in the subsidiary companies.

Net aggregate profit/(loss) of the subsidiary companies not dealt within the companies' account.

For the year

Net aggregate profit / (loss) of the subsidiary companies dealt within the company's accounts:

For the year'

Habib Sorbitol (Pvt) Limited.

Habib Agglomeration (Pvt) Limited

Habib Microfine (Pvt)Limited

### **35.00 GENERAL**

- i) Previous year's figures have been regrouped and rearranged wherever necessary for the purpose of comparison.
- ii) Figures have been rounded off to the nearest rupee.
- iii) The accounts of subsidiary companies are enclosed herewith.
- iv) All our EDP systems are Y2K compliant.

***Habib Sorbitol (Pvt.) Ltd.***  
***(Subsidiary of Habib Arkady Ltd)***

**Head Office**      **Karachi (Pakistan)**  
**Factory**            **Hub Chowki (Baluchistan)**

Authorised Capital	Rs. 5,000,000
Issued, Subscribed & Paid up Capital	Rs. 1,000,000

### **DIRECTORS REPORT TO THE SHAREHOLDERS**

Dear Shareholders,

Low priced Imported Sorbitol (subsidized by E.U.) continued to be dumped into our markets sales tax free - while sales tax incurred on our raw material and inputs had to be absorbed by us forcing us to merge the Sorbitol unit into the main operations as on 31st July, 1999.

KARACHI DATED: 30th September, 1999

### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of **M/s. HABIB SORBITOL (PVT) LIMITED**, as at June 30, 1999 and the related Profit and Loss Account 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 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, 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 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, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1999; and

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

KARACHI DATED: 30th September, 1999

## **BALANCE SHEET AS AT JUNE 30, 1999**

### **AUTHORISED CAPITAL**

500,000 Ordinary Shares of Rs. 10/= each

### **ISSUED SUBSCRIBED AND PAID UP CAPITAL**

### **LONG TERM LOAN FROM HOLDING COMPANY**

**HABIB ARKADY LIMITED**

### **CURRENT LIABILITIES**

Creditors and Accrued Liabilities

Note: The annexed notes form an integral part of these accounts.

KARACHI DATED: 30th September, 1999

**FIXED ASSETS**

Tangible Fixed Assets

**CURRENT ASSETS:**

Stock in Trade

Trade Debts

Advances, Deposits, and Other Receivables

Cash and Bank Balances

**HAIDER ANVARALI**

**Chief Executive**

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

**SALES (Net)**

Local

Cost Of Goods Sold

Gross Profit

Less:

Administrative Expenses

Selling Expenses

Financial Expenses

Operating Profit

Less:

Workers' Profit Participation Fund

Profit for the year

Dividend Paid to Habib Arkady Limited  
(Holding Co.)



Note: The annexed notes form an integral part of these accounts.

**HAIDER ANVARALI**  
**Chief Executive**

KARACHI DATED: 30th September, 1999

## **NOTES TO THE ACCOUNT FOR THE YEAR ENDED JUNE 30, 1999**

### **1.00 HISTORY OF THE COMPANY**

The Company was incorporated in Pakistan on 20th September, 1993 as a private limited company and is wholly-owned subsidiary of Habib Arkady Limited. The principal activity of the company is the manufacture, sale and export of hydrogenated sugars and related by-products. However, due to adverse effect of sales tax and prevailing business conditions the company has sold its entire fixed assets to its holding company subsequently on July 31, 1999 and ceased to carry out its business activity with effect from that date.

### **2.00 SIGNIFICANT ACCOUNTING POLICIES**

#### **2.01 Accounting Convention**

Accounts of the Company have been prepared on historical cost convention.

#### **2.02 Foreign Currency Translation**

Foreign Currency Transactions are recorded at the rate prevailing on the date of transactions and foreign currency receivables/deposits are translated into Pak Rupees at the rate of Exchange ruling at the Balance Sheet date.

#### **2.03 Gratuity**

The provision for gratuity is not made as the Company operates Provident Fund Scheme for all its employees eligible for the benefit.

#### **2.04 Taxation**

No Provision for Taxation is required as the plant is installed within the premises of holding company Habib Arkady Limited at Hub Chowki District Lasbela Baluchistan and is exempted from tax under clause 118 (D) for five years from the date of commercial production.

The Company commenced commercial production in September 1994.

The Company accounts for deferred taxation on all material timing differences using liability method.

## **2.05 Fixed Assets**

These are stated at cost less accumulated depreciation except free-hold land and capital work-in-progress, if any, which are stated at cost.

Depreciation is charged to income applying reducing balance method.

A full year's depreciation is charged on additions irrespective of the date of purchase whereas no depreciation is charged on the assets disposed off during the year.

Maintenance and normal repairs are charged to income as and when incurred.

## **2.06 Stores Spares and Loose Tools.**

Stores and Spares	Valued at average cost
Loose Tools	Stated at actuals

## **2.07 Stock in Trade**

Raw and Packing Material	Valued at average cost
Work-in-process	Valued at average cost of raw material plus a portion of the manufacturing expenses.
Finished Goods	Valued at lower of average cost and net realisable value.
Raw Material in Transit	Stated at actuals

## **2.08 Trade Debts**

Debts considered irrecoverable are written off and provision is made for debts considered doubtful.

## **2.09 Revenue Recognition**

Sales to be recorded on despatch of goods to customers. Income on Investment is recorded when received.

## **3.00 ISSUED SUBSCRIBED AND PAID UP CAPITAL**

100,000 Ordinary Shares of Rs.10/- each fully paid issued for Cash.

All the shares of the company are held by Habib Arkady Limited.

## **4.00 LONG TERM LOAN (Unsecured)**

From holding company  
Habib Arkady Limited

The above loan carries proportionate interest as paid by holding company Habib Arkady Ltd.

## 5.0 CREDITORS AND ACCRUED LIABILITIES

Creditor (Holding Co.)  
Creditor Others  
Audit Fee  
Sales Tax  
Workers' Profit Participation Fund (5.01)  
Staff Provident Fund

## 5.01 WORKERS PROFIT PARTICIPATION FUND

Opening Balance  
  
Add: Interest on funds utilised for  
Company's business  
  
Add: Allocation for the year  
  
Less: Amount paid to trustees

## 6.00 TANGIBLE FIXED ASSETS

<i>Particulars of Assets</i>	<i>As at 01-07-98</i>	<i>COST Addition During the Year</i>
Factory Building	5,740,296	
Plant & Machinery	31,686,936	
Vehicles	561,697	
Total 30-06-99	37,988,929	
Total 30-06-98	37,924,540	

6.00-A The following is a statement of Fixed Assets sold during the year.

<b>Particulars of Assets</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>
<b>MITSUBISHI LANCER</b> Reg. M-1229 Model 1990	95,330	
<b>MITSUBISHI LANCER</b> REG. U-3079 Model 1992	225,267	
Total 30-06-99	320,597	
Total 30-06-98	--	

**7.00 STOCK IN TRADE**

Raw Material  
 Finished Goods  
 Raw Material in Transit

**8.00 TRADE DEBTS (Unsecured)**

Considered good

**9.00 ADVANCES, DEPOSITS, PREPAYMENTS  
 AND OTHER RECEIVABLES**

Advance for Supplies  
 Insurance Claim Receivable  
 Advance Income Tax Refundable  
 Security for Sales Tax Indemnity Bond  
 KMC Octroi Refundable  
 Prepaid Rent

## **10.00 CASH AND BANK BALANCES**

Balance with Banks:

Local currency accounts in Current account

## **11.00 COST OF GOODS SOLD**

Raw & Packing Material consumed (Note 11.01)

Utilities

Repair Maintenance & Stores Consumed

Salaries, Wages and Other Benefits

Vehicle Expenses

Factory Rent

Printing & Stationery

Entertainment

Conveyance

Telephone

Charity

Lab testing

Travelling

Insurance

Miscellaneous Expenses

Depreciation

Cost of Goods Produced

Add: Opening Stock of Finished Goods

Less: Closing Stock of Finished Goods

Cost of Goods Sold

## **11.01 RAW & PACKING MATERIAL CONSUMED**

Opening Stock

Add: Purchases

Available for Manufacturing

Less: Closing Stock

## **12.00 ADMINISTRATIVE EXPENSES**

Salaries and Other Benefits  
Legal & Professional  
Audit Fee

## **13.00 SELLING EXPENSES**

Salaries & Wages

## **14.00 FINANCIAL CHARGES**

Interest on Long Term Loan  
Bank Charges  
Interest on Worker's Participation Fund

## **15.00 GENERAL**

i) Previous year's figures have been regrouped and rearranged wherever necessary for the purpose of comparison.

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

iii) All our EDP systems are Y2K compliant.

**Habib Agglomeration (Pvt.) Ltd**  
**(Subsidiary of Habib Arkady Ltd)**

Head Office      Karachi (Pakistan)  
Factory            Hub Chowki (Baluchistan)

Authorised Capital	Rs. 1,000,000
Issued, Subscribed & Paid up Capital	Rs. 1,000,000

## **DIRECTORS REPORT TO THE SHAREHOLDERS**

Dear Shareholders,

We intend to shift the plant to Quetta to take advantage of the favourable weather conditions conducive to production. This shift will mean a temporary dislocation of production during the winter off season and we hope to restart in time for the high summer season.

KARACHI DATED: 30th September, 1999

## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of **M/s. HABIB AGGLOMERATION (PVT) LIMITED.** As at June 30, 1999 and the related Profit and Loss Account 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 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, 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 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, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1999; and

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

KARACHI DATED: 30th September, 1999

## **BALANCE SHEET AS AT JUNE 30, 1999**

### **AUTHORISED CAPITAL**

100,000 Ordinary Shares of Rs. 10/= each

**ISSUED SUBSCRIBED AND PAID UP CAPITAL  
ACCUMULATED (LOSS)**

**LONG TERM LOAN FROM HOLDING COMPANY  
HABIB ARKADY LIMITED**

**CURRENT LIABILITIES**

Creditors and Accrued Liabilities

Note: The annexed notes form an integral part of these accounts.

KARACHI DATED: 30th, September, 1999

**FIXED ASSETS**

Tangible Fixed Assets

**CURRENT ASSETS:**

Stock in Trade

Trade Debts

Advances, Deposits and Other Receivables

Cash and Bank Balances

**HAIDER ANVARALI**

**Chief Executive**

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



**SALES (Net)**

Local

Cost of Goods Sold

Gross (Loss) / Profit

Less:

Administrative Expenses

Financial Expenses

Operating (Loss) / Profit

Less ·

Preliminary expenses written-off

(Loss) / Profit for the year

Accumulated (Loss) Brought Forward

Dividend Paid to Habib Arkady Limited  
(Holding Co.)

Accumulated (Loss) Brought Forward

Note: The annexed notes form an integral part of these accounts.

**HAIDER ANVARALI**  
**Chief Executive**

KARACHI DATED: 30th, September, 1999

**NOTES TO THE ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 1999**

**1.00 HISTORY OF THE COMPANY**

The Company was incorporated in Pakistan on 20th September, 1993 as a private limited company and is wholly-owned subsidiary of Habib Arkady Limited. The principal activity of the company is the manufacture, sale and export of Agglomerated products.

**2.00 SIGNIFICANT ACCOUNTING POLICIES**

**2.01 Accounting Convention**

Accounts of the Company have been prepared on historical cost convention.

### **2.02 Foreign Currency Translation**

Foreign Currency Transactions and receivables are recorded at the rate prevailing on the date of transactions and Foreign Currency receivables / deposits are translated into Pak Rupees at the rate of Exchange ruling at the Balance Sheet date.

### **2.03 Gratuity**

The provision for gratuity is not made as the Company operates Provident Fund Scheme for all its employees eligible for the benefit.

### **2.04 Taxation**

No Provision for Taxation is required as the plant is installed within the premises of holding company Habib Arkady Limited at Hub Chowki District Lasbela Baluchistan and is exempted from tax under clause 118 (D) for the five years from the date of commercial production.

The Company commenced commercial production in June 1995

The Company accounts for deferred taxation on all material timing differences using liability method.

### **2.05 Fixed Assets**

These are stated at cost less accumulated depreciation except free-hold land and capital work-in-progress, if any, which are stated at cost.

Depreciation is charged to income applying reducing balance method.

A full year's depreciation is charged on additions irrespective of the date of purchase whereas no depreciation is charged on the assets disposed off during the year.

Maintenance and normal repairs are charged to income as and when incurred.

## **3.00 ISSUED SUBSCRIBED AND PAID UP CAPITAL**

100,000 Ordinary Shares of Rs.10/- each  
fully paid issued for Cash.

All the shares of the company are held by  
Habib Arkady Limited.

## **4.00 LONG TERM LOAN (Unsecured)**

From holding company  
Habib Arkady Limited

The above loan carries proportionate interest as paid by holding company Habib Arkady Ltd.

**5.00 CREDITORS AND ACCRUED LIABILITIES**

Creditor (Holding Co.)  
 Audit Fee  
 Sales Tax  
 Creditor Others

**6.00 TANGIBLE FIXED ASSETS**

<i>Particulars of Assets</i>	<i>As on 01-07-98</i>	<i>COST</i>	<i>Total As at 30-06-99</i>
		<i>Addition During the Year</i>	
Plant & Machinery	4,569,146	--	
	-----	-----	
Total 30-06-99	4,569,146	--	
	-----	-----	
Total 30-06-98	4,569,146	--	
	=====	=====	

**7.00 STOCK IN TRADE**

Raw Material  
 Finished Goods

**8.00 TRADE DEBTS (Unsecured)**

Considered good

**9.00 ADVANCES, DEPOSITS AND OTHER RECEIVABLES**

Sales Tax Refundable

Advance Income Tax Refundable  
Insurance Claim  
K.M.C. (T.P) Refundable

### **10.00 CASH AND BANK BALANCES**

Balance with Banks:  
Local currency accounts in current account

### **11.00 COST OF GOODS SOLD**

Raw & Packing Material consumed (Note 11.01)  
Utilities  
Repair Maintenance & Stores Consumed  
Salaries, Wages and Other Benefits  
Printing & Stationery  
Factory Rent  
Conveyance  
Fees & Subscription  
Repair & Maintenance Building  
Entertainment  
Insurance  
Depreciation

Cost of Goods Produced  
Add: Opening Stock of Finished Goods

Less: Closing Stock of Finished Goods

Cost of Goods Sold

### **11.01 RAW & PACKING MATERIAL CONSUMED**

Opening Stock  
Add: Purchases

Available for Manufacturing  
Less: Closing Stock

## **12.00 ADMINISTRATIVE EXPENSES**

Audit Fee  
Legal Charges

## **13.00 FINANCIAL CHARGES**

Interest on Long Term Loan  
Bank Charges

## **14.00 GENERAL**

- i) Previous year's figures have been regrouped and rearranged wherever necessary for the purpose of comparison.
- ii) Figures have been rounded off to the nearest rupee.
- iii) All our EDP systems are Y2K compliant.

**Habib Microfine (Pvt.) Ltd.**  
**(Subsidiary of Habib Arkady Lt**

Head Office	Karachi (Pakistan)
Factory	Hub Chowki (Baluchistan)

Authorised Capital	Rs. 1,000,000
Issued, Subscribed & Paid up Capital	Rs. 1,000,000

## **DIRECTORS REPORT TO THE SHAREHOLDERS**

Dear Shareholders,

With the expiry of the tax holiday period, we have made suitable amendments in our articles to permit exports through this company of our other products as well.

KARACHI DATED: 30th September, 1999

## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of M/s. HABIB MICROFINE (PVT) LIMITED. As at June 30, 1999 and the related Profit and Loss Account 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 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 the 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 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, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1999; and

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

KARACHI DATED: 30th September, 1999

### ***BALANCE SHEET AS AT JUNE 30, 1999***

#### **AUTHORISED CAPITAL**

100,000 Ordinary Shares of Rs. 10/= each

#### **ISSUED SUBSCRIBED AND PAID UP CAPITAL**

**LONG TERM LOAN FROM HOLDING COMPANY  
HABIB ARKADY LIMITED**

#### **CURRENT LIABILITIES**

Creditors and Accrued Liabilities

Note: The annexed notes form an integral part of these accounts.

KARACHI DATED: 30th September, 1999

**FIXED ASSETS**

Tangible Fixed Assets

**CURRENT ASSETS:**

Stock in Trade

Advances, Deposits, Prepayments and  
other Receivables

Cash and Bank Balances

**HAIDER ANVARALI**  
Chief Executive

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

SALES (Net)

Export

Local:

Sales

Processing Receipts (Holding Company)

Cost of Goods Sold

Gross Profit

Less:

Administrative Expenses

Selling Expenses

Financial Expenses

Profit before Taxation

Less:

Provision for Taxation

Profit for the year

Dividend Paid to Habib Arkady Limited  
(Holding Co.)

Note: The annexed notes form an integral part of these accounts.

**HAIDER ANVARALI**  
**Chief Executive**

KARACHI DATED: 30th September, 1999

## **NOTES TO THE ACCOUNT FOR THE YEAR ENDED JUNE 30, 1999**

### **1.00 HISTORY OF THE COMPANY**

The Company was incorporated in Pakistan on 20th September, 1993 as a private limited company and is wholly-owned subsidiary of Habib Arkady Limited. The principal activity of the company is the manufacture of microfine processed products. However, the company has extended line of consumers to deal in various commodities including exports and for which the object clause has suitably been ammended.

### **2.00 SIGNIFICANT ACCOUNTING POLICIES**

#### **2.01 Accounting Convention**

Accounts of the Company have been prepared on historical cost convention.

#### **2.02 Foreign Currency Translation**



Foreign Currency Transactions and recorded at the rate prevailing on the date of transactions and Foreign Currency receivables/deposits are translated into Pak Rupees at the rate of Exchange ruling at the Balance Sheet date.

### **2.03 Gratuity**

The provision for gratuity is not made as the Company operates Provident Fund Scheme for all its employees eligible for the benefit.

### **2.04 Taxation**

No Provision for Taxation is required as the plant is installed within the premises of holding company Habib Arkady Limited at Hub Chowki District Lasbela Baluchistan and is exempted from tax under clause 118 (D) for the five years from the date of commercial production. However as the income tax holiday period of the company has expired, provision for taxation for the business activities is computed in accordance with the provisions of the income tax ordinance 1979.

The Company accounts for deferred taxation on all material timing differences using liability method.

### **2.05 Fixed Assets**

These are stated at cost less accumulated depreciation except free-hold land and capital work-in-progress, if any, which are stated at cost.

Maintenance and normal repairs are charged to income as and when incurred.

Depreciation is charged to income on reducing balance method to write-off the cost of operating fixed assets.

### **2.06 Stores Spares and Loose Tools**

Stores and Spares	Valued at average cost
Loose Tools	Stated at actuals

### **2.07 Stock in Trade**

Raw and Packing Material	Valued at average cost
Work-in-process	Valued at average cost of raw material plus a portion of the manufacturing expenses.
Finished Goods	Valued at lower of average cost and net realisable value.
Raw Material in Transit	Stated at actuals

### **2.08 Trade Debts**

Debts considered irrecoverable are written off and provision is made for debts considered doubtful.

### **2.09 Revenue Recognition**

Sales are recorded on despatch of goods to customers. Income on Investment is recorded when received.

### 3.00 ISSUED SUBSCRIBED AND PAID UP CAPITAL

100,000 Ordinary Shares of Rs.10/- each  
fully paid issued for Cash.

All the shares of the company are held by  
Habib Arkady Limited.

### 4.00 LONG TERM LOAN (Unsecured)

From holding company  
Habib Arkady Limited

The above loan carries proportionate interest  
as paid by holding company Habib Arkady Ltd.

### 5.00 CREDITORS AND ACCRUED LIABILITIES

Creditor (Holding Co.)  
Creditor Others  
Audit Fee

### 6.00 TANGIBLE FIXED ASSETS

<i>Particulars of Assets</i>	<i>As at 01-07-98</i>	<i>COST</i>		<i>Total As at 30-06-99</i>
		<i>Addition During the Year</i>		
Plant & Machinery	2,523,656	--		
Motor Vehicles	224,100	--		
Office Equipments	21,675	--		
Total 30-06-99	2,769,431	--		
Total 30-06-98	2,747,756	21,675		

## **7.00 STOCK IN TRADE**

Raw & Packing Material  
Finished Goods

## **8.00 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Advance Income Tax  
Advance for Expenses  
Prepaid Rent  
Export Rebate Refundable  
KMC Octroi Duty Refundable  
Security Deposit Refundable

## **9.00 CASH AND BANK BALANCES**

Balance with Banks:  
Local currency accounts in current account

## **10.00 COST OF GOODS SOLD**

Raw & Packing Material consumed (Note 10.01)  
Utilities (Power)  
Stores Consumed  
Salaries, Wages and Other Benefits  
Vehicle Expenses  
Factory Rent  
Printing & Stationery  
Entertainment  
Telephone & Postage  
Electricity & Gas  
Insurance  
Depreciation

Cost of Goods Produced  
Add: Opening Stock of Finished Goods

Less: Closing Stock of Finished Goods

Less: Export Rebate

Cost of Goods Sold

#### **10.01 RAW & PACKING MATERIAL CONSUMED**

Opening Stock

Add: Purchases

Available for Manufacturing

Less: Closing Stock

#### **11.00 ADMINISTRATIVE EXPENSES**

Salaries and other benefits

Fees and subscription

Legal and audit

Audit Fee

#### **12.00 SELLING EXPENSES**

Salaries and Other Benefits

#### **13.00 FINANCIAL CHARGES**

Interest on Long Term Loan

Bank Charges

#### **14.00 GENERAL**

i) Previous year's figures have been regrouped and rearranged wherever necessary

for the purpose of comparison.

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

iii) All our EDP systems are Y2K compliant.

**HABIB ARKADY LIMITED  
&  
SUBSIDIARIES  
CONSOLIDATED ANNUAL ACCO  
FOR THE YEAR ENDING  
30TH JUNE, 1999.**

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS**

We have examined the annexed consolidated financial statements comprising consolidated Balance Sheet of M/S. HABIB ARKADY LIMITED and its subsidiary companies as at 30-06-1999 and the related consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended 30-06-1999. We have also expressed separate opinions on the financial statements of Habib Arkady Limited and its subsidiary companies. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our examination.

Our examination was made in accordance with generally accepted auditing guidelines and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the consolidated financial statements examined by us present fairly the financial position of Habib Arkady Limited and its subsidiary companies as at 30-06-1999 and the results of their operations for the year then ended.

KARACHI DATED: 30th September, 1999

**HABIB ARKADY AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 1999**

**AUTHORISED CAPITAL**

40,000,000 Ordinary Shares of Rs. 5/= each

**ISSUED SUBSCRIBED AND PAID UP CAPITAL  
RESERVE AND SURPLUS:**

**CAPITAL RESERVE  
REVENUE RESERVE  
UNAPPROPRIATED PROFIT**

**LONG TERM LOANS (Secured)**

**CURRENT LIABILITIES:**

Current Maturity of Long Term Loans  
Short Term Running Financing (Secured)  
Creditors and Accrued Liabilities  
Advances and Deposits  
Proposed Dividend

**CONTINGENCIES & COMMITMENTS**

KARACHI DATED: 30th September, 1999

**TANGIBLE FIXED ASSETS**

**LONG TERM:**

Deposits  
Investment in Securities

**CURRENT ASSETS:**

Stores, Spares and Loose Tools  
Stock in Trade  
Trade Debts  
Advances, Deposits, Pre-Payments and  
Other Receivables  
Cash and Bank Balances

**HAIDER ANVARALI**  
**Chief Executive**

**HABIB ARKADY LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 1999**

Sales (Net)  
Local  
Export

Cost of Goods Sold

Gross Profit

Less:  
Administrative Expenses  
Selling Expenses  
Financial Expenses

Operating Profit  
Less: Preliminary expenses written-off

Add: Other Income

Less: Other Charges

Prior Years' Adjustment

Profit before Taxation  
Provision for Taxation

Proposed Final Dividend @ 15% i.e. Rs.0.75  
per share on 30,000,000 shares (1998: @30%)

Unappropriated Profit Carried Forward

***HAIDER ANVARALI***  
***Chief Executive***

KARACHI DATED: 30th September, 1999

**HABIB ARKADY LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION (CASH FLOW STATEMENT)**  
**AS AT JUNE 30, 1999**

**NET CASH (OUTFLOW)/INFLOW FROM  
OPERATING ACTIVITIES**

Cash Generated From Operations  
Profit Before Tax  
Adjustment for non cash charges and other items  
Depreciation  
(Gain) / Loss on Disposal of Fixed Assets  
Financial Charges

Cash Flow from operating activities before working  
capital changes

(Increase) / Decrease in Current Assets  
Stores, Spares & Loose Tools  
Stock in Trade  
Trade Debts  
Advances, Deposits, Prepayments & Other Receivables

Increase / (Decrease) in Current Liabilities  
Short Term Running Financing (Secured) paid



Trade Creditors & Accrued Expenses  
Advances & Deposits

Effects of Cash Flow due to Working Capital  
changes

Cash Flow from operating activities  
Financial Charges paid

Net Cash (Outflow) / Inflow from Investing Activities  
Capital Expenditure  
Sale Proceeds from disposal of fixed assets  
Investment in Securities

Net Cash (Outflow) / Inflow from Financing Activities  
Repayment of Long Term Loans  
Dividend Paid

Net Increase / (Decrease) in Cash and Cash equivalent

Cash and Cash equivalent at beginning of the year

Cash and Cash equivalent at the end of the year

**HAIDER ANVARALI**  
**Chief Executive**

KARACHI DATED: 30th September, 1999

**SCHEDULE OF SHAREHOLDING AS ON JUNE 30, 1999**  
**FORM - 34**

**NUMBER OF**  
**SHARE**  
**HOLDERS**

**SIZE OF SHAREHOLDING**  
**RS. 5/- EACH**

455	1	TO
731	101	TO
387	501	TO

662	1001	TO
142	5001	TO
54	10001	TO
32	15001	TO
14	20001	TO
11	25001	TO
4	30001	TO
4	35001	TO
3	40001	TO
11	50001	TO
2	55001	TO
1	61001	TO
2	70001	TO
1	85001	TO
1	90001	TO
2	95001	TO
1	105001	TO
1	110001	TO
1	115001	TO
1	125001	TO
1	135001	TO
1	150001	TO
1	175001	TO
2	185001	TO
3	195001	TO
4	200001	TO
1	205001	TO
2	225001	TO
3	250001	TO
2	280001	TO
1	290001	TO
1	325001	TO
1	345001	TO
1	355001	TO
1	360001	TO
1	375001	TO
2	405001	TO
1	410001	TO
1	420001	TO
2	445001	TO
3	495001	TO
1	560001	TO
1	620001	TO
1	650001	TO
1	665001	TO
1	680001	TO
1	740001	TO
1	1000001	TO
1	1055001	TO

1	1140000	TO
1	5395001	TO
-----		
2568		
=====		

***CATEGORIES OF  
SHAREHOLDERS***

***NUMBER OF  
SHARE  
HOLDERS***

1. INDIVIDUALS
2. INVESTMENT COMPANIES
3. INSURANCE COMPANIES
4. JOINT STOCK COMPANIES
5. FINANCIAL INSTITUTIONS
6. MODARABA COMPANIES
7. CHARITABLE INSTITUTION

TOTAL

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that 19th Annual General Meeting of the shareholders of the Company will be held on Tuesday the 7th December, 1999 at 12.00 noon at 1st Floor, AI-Rehman Building, I. I. Chundrigar Road, Karachi to transact the following business:

1. To confirm the minutes of Extra Ordinary General meeting held on Saturday the 15th May, 1999.
2. To receive and adopt the report of Directors and Audited Accounts of the Company for the year ended 30th June, 1999.
3. To approve the Cash Dividend @ Rs. 0.75 (15%) per share of Rs. 5/- each to shareholders as recommended by the Board of Directors for the year ended 30th June, 1999.
4. To appoint Auditors for the ensuing year and fix their remuneration. The retiring Auditors M/S. HYDER BHIMJI & CO., Chartered Accountants of the Company have offered themselves for re-appointment.
5. To transact such other business as may be placed before the meeting with the permission of the Chairman.

KARACHI DATED: 30th September, 1999

**NOTE:**

1. The Share Transfer Books of the Company will be closed from Sunday the 24th October, 1999 to Saturday the 6th November, 1999 (both days inclusive) to determine the entitlement of Dividend and to attend the AGM scheduled as above.
2. The shareholders are requested to communicate to the Company any change in their address.