

Tri-Pack Films Limited

Annual Report 1999

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INTRODUCTION

Tri-Pack Films Limited, a joint venture between Mitsubishi Corporation of Japan and Packages Limited of Pakistan was incorporated as a Public Limited Company on April 23, 1993. The installation of plant and machinery was completed in March 1995 and commercial production began from June 1995.

The plant has operational capacity to produce 5,400 tonnes of finished Biaxially Oriented Polypropylene Film (BOPP) per annum - The largest in Pakistan.

BOPP is a thermoplastic whose most valuable property is its versatility as packaging material. The principal properties of BOPP are:

- * Protection against moisture
- * Excellent transparency and gloss
- * Heat sealability
- * Good printability

BOPP film is used mainly in Biscuit, Confectionery, Snacks, Soap, Detergent, Processed Food, Garments, Hosiery, Tobacco and Ice Cream industries.

In recognition of its quality standards, operational systems and procedures, Tri-Pack received ISO 9001 certification in August 1998.

COMPANY INFORMATION

Board of Directors

Akira Yamamura
Javed Aslam (Managing Director)
Khalid Yacob
Kiyohide Inoue
Syed Babar Ali (Chairman)
Syed Hyder Ali
Tariq Hamid
Yukio Imamura (Alternate to Kiyohide Inoue)
M. Saeed Iqbal (Alternate to Syed Babar Ali)

Company Secretary Khalid Yacob

Auditors A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors Khan and Piracha

Bankers Albaraka Islamic Bank B.S.C. (E.C)
Al Tawfeek Investment Bank Limited

American Express Bank Limited
 ANZ Grindlays Bank Limited
 Bank Of Khyber
 Deutsche Bank A.G.
 Emirates Bank International P.J.S.C.
 Habib Bank A.G. Zurich
 Muslim Commercial Bank Limited
 National Bank of Pakistan
 The Hong Kong & Shinghai Banking Corporation Ltd.

Registered Office
 First floor, Hilal-e-Ahmer House,
 Khayaban-e-Iqbal, Main Clifton Road,
 Karachi-75600, Pakistan
 PABX: 5863941-42, 5874047-49
 Telex: 20315 PKGS PK, Fax: 5860251

Head Office & Sales Office
 First Floor, G.D. Arcade, Fazal-ul-Haq Road
 73-E, Blue Area, Islamabad
 Tel: 273135, 273907-8, Fax: 273136

Regional Sales Office

Karachi
 201-202, Marine Pride, Block 7, Clifton,
 Karachi-75600
 Tel: 587180Z-2, Fax: 5871803

Lahore
 First Floor, 41-Commercial Area,
 Main Boulevard,
 Cavalary Ground, Lahore
 Tel: 6676848, 6676455, Fax: 6675899

Works
 Plot No. 78/1, Phase IV,
 Hattar Industrial Estate, Hattar, N.W.F.P.
 Tel: 617406-7, Fax: 617054

HIGHLIGHTS

	<i>1999</i>	<i>Year to June 30, 1998</i>
Sales- million rupees	605.93	542.58
Net profit- million rupees	95.89	62.09
Cash dividend - as a %age of paid up capital	25	--
Earning per share- rupees	3.20	2.10
Total assets- million rupees	494.24	518.60
Finished BOPP Film Production-tonnes	5,193	4,390
Number of employees	127	114

NOTICE OF MEETING

Notice is hereby given that the Seventh Annual General Meeting of Tri-Pack Films Limited will be held at Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi on Tuesday, December 7, 1999 at 3.00 p.m. to transact the following business:-

1. To receive, consider and adopt the Audited Accounts for the year ended June 30, 1999, the Report of the Auditors thereon and the Report of the Directors.
2. To approve dividend. The Directors have recommended a final dividend of 25% i.e. Rs. 2.50 per share.
3. To appoint Auditors and to fix their remuneration.
4. To transact any other business with the permission of the Chairman.

By Order of the Board

Karachi
October 22, 1999

Khalid Yacob
Director & Company Secretary

Notes

1. The Share Transfer Books of the Company will be closed from November 2, 1999 to November 15, 1999 (both days inclusive) for the purposes of entitlement of dividend and to attend the Annual General Meeting on December 7, 1999.
2. Any member of the Company entitled to attend and vote may appoint another person as his/her proxy to attend and vote instead of him/her. Proxies must be received at the Registered Office of the Company (First Floor, Hilal-e-Ahmer House, Khayaban-e-Iqbal, Main Clifton Road, Karachi-75600) not less than 48 hours before the time of holding the Meeting.
3. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this Meeting must bring his/her National Identity Card with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her National Identity Card. Representatives of corporate members should bring the usual documents required for such purpose.
4. Members are requested to promptly notify the Company of any change in their addresses.

**DIRECTORS' REPORT
TO THE SHAREHOLDERS**

It is a pleasure for us to share with you the performance of Tri-Pack Films Limited, for the year ended June 30, 1999. We are presenting you the Annual Report together with the Audited Accounts before the Seventh Annual General Meeting of the Company to be held on December 7, 1999.

Operating Results

With the blessings of Almighty Allah, your Company has achieved encouraging financial results despite the prevailing difficult economic conditions. Your Company managed to minimize the impact of post-sanctions operating environment on its performance and maintained its market leader status in the BOPP film industry.

Keeping the growth momentum, your Company earned a net profit of Rs. 95.89 million as compared to Rs. 62.09 million in the preceding year. Invoiced sales increased to Rs. 605.93 million in 1998-99 from Rs. 542.58 million in 1997-98 showing a growth of 12%. The production of BOPP film increased from 4,390 tonnes in 1997-98 to 5,193 tonnes in 1998-99. ISO 9001 certification has further strengthened the Company's position in the growing BOPP film industry.

Expansion Program

Foreseeing rapidly growing demand for BOPP film in the local market, your Company's management along with the joint venture partners M/S Mitsubishi Corporation, Japan and Packages Limited, Pakistan, is embarking upon an expansion plan to be implemented within the next 18 months.

Information Technology

We believe that information technology will play an important role in

achieving a competitive edge in the market. During the year under review, we have inter-connected the Regional Offices and the Plant through an efficient networking system. Further, we have entered in a customized software development contract with a reputed software house to automate and integrate all management operations. The spadework on this project has already begun and the proposed software, once ready, will further improve efficiency and quality of work.

Y2K Compliance

Your Company has taken appropriate measures to ensure Y2K compliance and has successfully completed testing of all its computer operating systems, software and hardware.

Appropriation

The Directors recommend payment of cash dividend of 25% (Rs. 2.50 per share) on the paid up capital of the Company. Accordingly, the following appropriations have been made:

(Rupees in thousand)

The Company made a net profit of	95,889
Adding thereto unappropriated profit at June 30, 1998	9,927
Makes available for appropriation a sum of	105,816
From that sum the Directors recommend payment of a cash dividend of Rs. 2.50 per share	75,000
Transfer to general reserve	30,000
And propose to carry forward to 1999-2000, the balance of	816

Appointment of Auditors

You are requested to appoint the Auditors for the year ending June 30, 2000 and fix their remuneration.

The present Auditors M/S A. F. Ferguson & Co., Chartered Accountants retire and offer themselves for reappointment.

Future Prospects

The Directors are hopeful of a better future. With focus on good quality products and services to our customers at competitive prices, Tri-Pack will Inshallah increase the market share.

Management/Employees Relationship

The Directors are pleased to place on record their appreciation for the continuous zeal, efforts and valuable services rendered by all employees of the Company.

For and on behalf of the Board.

**Javed Aslam
(Managing Director)**

Lahore, September 01, 1999

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Tri-Pack Films Limited as at June 30, 1999 and the related profit and loss account and 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 the accounting policies consistently applied.

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and cash flow statement together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1999 and of the profit and 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.

A.F. Ferguson & Co.
Chartered Accountants
Islamabad.

September 01, 1999

BALANCE SHEET AS AT JUNE 30, 1999

	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousand)</i>	
Share Capital			
Authorised	3	300,000	300,000
		=====	=====
Issued, subscribed and paid up	3	300,000	300,000
General Reserve		30,000	--
Unappropriated Profit		816	9,927
		-----	-----
		3301816	309,927
Long Term Liabilities Against Assets			
Subject to Finance Lease		--	45,741
Long Term Finance	5	6,667	20,000
Current Liabilities			
Current portion of liabilities against assets subject to finance lease	4	45,741	83,858
Current portion of long term finance	5	13,333	13,333
Short term finance	6	--	26,659
Creditors, accrued and other liabilities	7	22,684	19,082
Proposed dividend		75,000	--
		-----	-----
		156,758	142,932
Contingencies and Commitments	8	-----	-----
		494,241	518,600
		=====	=====
Fixed Capital Expenditure			
Operating fixed assets	9	333,288	376,783
Capital work-in-progress	10	--	395
		-----	-----

		333,288	377,178
Long Term Deposits	11	888	212
Current Assets			
Stores and spares	12	26,866	14,493
Stock-in-trade	13	61,162	44,964
Trade debts	14	47,937	52,492
Advances, deposits, prepayments and other receivables	15	12,506	17,140
Cash and bank balances	16	11,594	12,121
		-----	-----
		160,065	141,210
		-----	-----
		494,241	518,600
		=====	=====

The annexed notes form an integral part of these accounts.

Javed Aslam
Chief Executive

Akira Yamamura
Director

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

	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousand)</i>	
Sales	17	605,932	542,577
Cost of sales	18	440,313	398,722
		-----	-----
Gross profit		165,619	143,855
Operating expenses			
Administrative and general	19	20,866	18,689
Selling and distribution	20	17,832	15,997
		-----	-----
		38,698	34,686
		-----	-----
		126,921	109,169
Financial charges	21	28,654	44,332
Other income	22	(2,669)	(525)
		-----	-----
		25,985	43,807
		-----	-----
		100,936	65,362
Workers' profits participation fund		5,047	3,268
		-----	-----
Profit for the year		95,889	62,094
Accumulated profit/(loss) brought forward		9,927	(52,167)
		-----	-----
Available for appropriation		105,816	9,927
Appropriations			
Transfer to general reserve		30,000	--
Proposed dividend @ Rs 2.50 per share (1998: Rs Nil)		75,000	--
		-----	-----
		105,000	--
		-----	-----
Unappropriated profit carried forward		816	9,927
		=====	=====

The annexed notes form an integral part of these accounts.

Javed Aslam
Chief Executive

Akira Yamamura
Director

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

	<i>Note</i>	<i>1999</i> <i>(Rupees in thousand)</i>	<i>1998</i>
Cash Flow From Operating Activities			
Cash generated from operations	24	157,039	156,582
Financial charges paid		(28,510)	(46,428)
		-----	-----
Net cash inflow from operating activities		128,529	110,154
Cash Flow From Investing Activities			
Sale proceeds of fixed assets		881	--
Fixed capital expenditure		(6,087)	(3,588)
		-----	-----
Net cash (outflow) from investing activities		(5,206)	(3,588)
Cash Flow From Financing Activities			
Long term finance received		--	40,000
Repayment of liability against assets subject to finance lease		(83,858)	(76,235)
Repayment of long term finance		(13,333)	(6,667)
		-----	-----
Net cash (outflow) from financing activities		(97,191)	(42,902)
Net Increase in Cash and Cash Equivalents			
Cash and cash equivalents at beginning of the year		26,132	63,664
		(14,538)	(78,202)
		-----	-----
Cash and Cash Equivalents at end of the year	24.1	11,594	(14,538)
		=====	=====

Javed Aslam
Chief Executive

Akira Yamamura
Director

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

1. The Company' and its operations

The Company is a public company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on stock exchanges in Pakistan. It is principally engaged in the manufacture and sale of biaxially oriented polypropylene (BOPP) film.

2. Significant accounting policies

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Retirement benefits

The Company operates a defined Contributory Provident Fund covering permanent employees. Equal monthly contributions are made, both by the Company and the employee, to the fund.

The Company also contributes towards pension of certain executives of the Company who are member of an approved Contributory Pension Fund of an associated company.

Contributions made by the Company are charged to income currently.

2.3 Taxation

Profit and gains derived by the Company are exempt from income tax for a period of eight years beginning commencement of commercial production on June 1, 1995, in terms of clause 118C of the Second Schedule of the Income Tax Ordinance, 1979.

2.4 Fixed capital expenditure and depreciation

a) Owned assets

Operating fixed assets except leasehold land are stated at cost less accumulated depreciation. Capital work in progress is stated at cost. Cost of the leasehold land is amortised using the straight line basis over the period of the lease from commencement of commercial production.

Depreciation on operating fixed assets is charged to profit on straight line method at the rates given in note 9. Full year's depreciation is charged on normal additions, while no depreciation is charged on deletions during the year.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains and losses on disposal of assets, if any, are included in income currently.

b) Assets subject to finance lease

Assets subject to finance lease are stated at the lower of present value of minimum lease payments at the inception of the lease and their fair value at that date. The outstanding obligations under the lease less financial charges allocated to future periods are accounted for as liabilities. Related financial expenses are charged to the profit and loss account except those related to the period upto the commencement of commercial production, which expenses have been capitalised.

Assets subject to finance lease are amortised over the useful life of the asset on a straight line method at the rates given in note 9. Amortisation of leased assets is charged to income.

2.5 Stores and spares

Stores and spares, except for those in transit, are valued at weighted average cost.

Stores and spares in transit are stated at cost comprising invoice value and other related charges incurred upto the balance sheet date.

2.6 Stock-in-trade

Stock of raw materials, except for those in transit, work-in-process and finished goods are valued at the lower of average cost and net realisable value. Cost of work-in-process and finished goods comprises cost of direct materials and labour and appropriate manufacturing overheads.

Stocks in transit are stated at cost comprising invoice value and other related charges incurred upto the balance sheet date.

Net realisable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make a sale.

2.7 Rates of exchange

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. Assets and liabilities in foreign currencies at the year end are translated into rupees at the rates prevailing on the balance sheet date or at the contracted rate where exchange risk cover has been obtained. Exchange differences are included in the income for the year.

2.8 Revenue recognition

Sales revenue is recognised at the time of despatch of goods to customers.

	1999	1998
	<i>(Rupees in thousand)</i>	
3. Share capital		
Authorised		
30,000,000 ordinary shares of Rs 10 each (1998: 30,000,000)	300,000	300,000
	=====	=====
Issued, subscribed and paid-up		
30,000,000 ordinary shares of Rs 10 each (1998: 30,000,000) fully paid in cash	300,000	300,000
	=====	=====
4. Liabilities against assets subject to finance lease		
Present value of minimum lease rental payments (US \$1.5 million; 1998: US \$ 4.25 million)	45,741	129,599
Less: Current portion shown under current liabilities	45,741	83,858
	-----	-----
	--	45,741
	=====	=====

The minimum lease rental payment due under the lease agreement amounts to Rs. 47.611 million (1998: Rs 141.182 million) and is payable in 1 (1998: 3) installment on November 8, 1999. This has been discounted at an implicit annual rate of LIBOR + 2.5% to arrive at its present value. Repairs and insurance costs are to be borne by the Company. The liability is secured by first priority equitable charge over land and buildings, hypothecation charge over plant, equipment and machinery and assignment of insurance on building, plant, equipment and machinery.

5. Long term finance

From ANZ Grindlays Bank Ltd.	20,000	33,333
Less: Current portion shown under current liabilities	13,333	13,333
	-----	-----
	6,667	20,000
	=====	=====

The company has a long term finance facility aggregating Rs. 40 million (1998: Rs 40 million) under mark-up arrangement from ANZ Grindlays Bank Ltd. This facility is secured by second hypothecation charge over machinery & equipment and second equitable mortgage over land and buildings. This facility carries mark-up at the rate of Rs. 0.4657 (1998: Rs 0.4657) per one thousand rupees per day and the balance is payable in six (1998: ten) equal quarterly installments upto October 30, 2000.

	1999	1998
	<i>(Rupees in thousand)</i>	
6. Short term finance		
Running finance (note 6.1)	--	22,965
Export refinance (note 6.2)	--	3,694
	-----	-----
	--	26,659
	=====	=====

6.1 The Company has a short term running finance facility aggregating Rs 110 million (1998: Rs 100 million) under mark-up arrangement from a bank upto January 16, 2000. This facility is secured by sole hypothecation of stocks and trade debts and carries mark up at the rate of Rs 0.4246 (1998: Rs 0.4246) per one thousand rupees per day.

6.2 The Company has availed export refinance facility from the State Bank of Pakistan.

This facility carries mark-up at the maximum rate of 8% per annum

(1998: 11% per annum) and is secured by relevant letter of credit.

7. Creditors, accrued and other liabilities

Creditors	3,007	3,875
Accrued expenses	2,192	1,770
Advance from customers	851	422
Mark-up and related charges	5,950	5,806
Income tax payable	56	171
Sales tax payable	447	--
Workers' profit participation fund (WPPF) (note 7.1)	5,047	3,268
Other payables	5,134	3,770
	-----	-----
	22,684	19,082
	=====	=====

Creditors include Rs 2,017 thousand (1998: Rs 3,074 thousand) payable to associated companies.

Mark-up and related charges include Rs 4,158 thousand (1998: Rs 1,580 thousand) related to liabilities against assets subject to finance lease.

Other payables include Rs 2,750 thousand (1998: Rs 2,114 thousand) payable to an associated company.

1999 **1998**
(Rupees in thousand)

7.1 Workers' profit participation fund

Balance as at July 1	3,268	--
Interest for the year	5	--
Allocation for the year	5,047	3,268
Amount paid to the Fund	(3,273)	--
	-----	-----
	5,047	3,268
	=====	=====

8. Contingencies and commitments

Contingencies:

Indemnity bonds issued to custom authorities	9,196	10,197
Guarantees issued by banks on behalf of the Company	2,638	12,067

Commitments in respect of:

Commitment for capital expenditure	620	--
------------------------------------	-----	----

Letters of credit for purchase of raw

materials and spare parts	24,367	27,961
---------------------------	--------	--------

9. Operating fixed assets

	COST			DEPRECIATION/AMORTISATION			(Rupees in thousand)			
	As at June 30, 1998	Additions	Deletions	As at June 30, 1999	As at June 30, 1998	Charge for the year	On deletions	As at June 30, 1999	Book value as at June 30, 1999	Annual rate of depreciation/ amortisation %

9.1 Owned assets										
Leasehold land	7,197	--	--	7,197	228	74	--	302	6,895	1.03
Buildings	44,585	303	--	44,888	6,794	2,244	--	9,038	35,850	5
Plant and machinery	158,154	3,886	--	162,040	48,679	16,204	--	64,883	97,157	10
Electric installations	36,012	857	--	36,869	11,143	3,687	--	14,830	22,039	10
Tubewell and pumps	1,941	--	--	1,941	610	194	--	804	1,137	10

Furniture and fixtures	5,070	911	--	5,981	2,092	789	--	2,881	3,100	10-20
Office equipment	2,189	621	--	2,810	1,109	548	--	1,657	1,153	20
Laboratory equipment	406	462	--	868	157	174	--	331	537	20
Vehicles	8,508	2,448	1,186	9,770	5,924	1,644	1,068	6,500	3,270	20
Tools	--	93	--	93	--	9	--	9	84	10
	-----	-----	-----	-----	-----	-----	-----	-----	-----	
	264,062	9,581	1,186	272,457	76,736	25,567	1,068	101,235	171,222	

9.2 Assets subject to finance lease

Plant and machinery	273,913	--	--	273,913	84,456	27,391	--	111,847	162,066	10
	-----	-----	-----	-----	-----	-----	-----	-----	-----	
	537,975	9,581	1,186	546,370	161,192	52,958	1,068	213,082	333,288	
	=====	=====	=====	=====	=====	=====	=====	=====	=====	
1998	533,303	4,672	--	537,975	108,985	52,207	--	161,192	376,783	
	=====	=====	=====	=====	=====	=====	=====	=====	=====	

9.3 Operating fixed assets sold

Vehicles	<i>(Rupees in Thousand)</i>		
	<i>Cost</i>	<i>Book Value</i>	<i>Sale Proceeds</i>
By negotiations to outsiders			
Capt. (Retd) Dawood Ali Abbasi, Rawalpindi	557	56	397
Mr. Nadeem Akbar, Rawalpindi	629	62	484
	-----	-----	-----
	1,186	118	881
	=====	=====	=====

1999 *1998* *(Rupees in thousand)*

10. Capital work-in-progress

Plant and machinery	--	330
Civil works	--	65
	-----	-----
	--	395
	=====	=====

11. Long term deposits

These represent long term security deposits.

12. Stores and spares

Stores	5,095	3,901
Spares	20,380	9,879
Stores and spares in transit	1,391	713
	-----	-----
	26,866	14,493
	=====	=====

13. Stock-in-trade

Raw materials	40,825	19,718
Raw materials in transit	12,461	16,974
Work-in-process	4,082	3,838
Finished goods	3,794	4,434
	-----	-----
	61,162	44,964
	=====	=====

14. Trade debts

These are unsecured and considered good. Amount due from associated companies at the year end was Rs 1,921 thousand (1998: Rs 511 thousand). The maximum

aggregate amount due from such companies at the end of any month during the year was Rs 5,001 thousand (1998: Rs 5,405 thousand).

1999 **1998**
(Rupees in thousand)

15. Advances, deposits, prepayments and other receivables

Advances, considered good, to:

Chief Executive	150	182
Executives	316	909
Other employees	102	129
	-----	-----
	568	1,220
Advances to suppliers	2,375	2,073
Trade deposits	637	943
Prepayments (including insurance premium of Rs 2,566 thousand; 1998: Rs 2,108 thousand paid to an associated company)	3,284	2,569
Custom rebate recoverable on exports	11	3,269
Excise duty recoverable on exports	557	557
Income tax refundable	2,949	4,555
Accrued profit on bank balances	1,226	10
Other receivables	899	1,944
	-----	-----
	12,506	17,140
	=====	=====

The maximum amounts due at the end of any month during the year from the chief executive and executives were Rs 237 thousand (1998: Rs 363 thousand) and Rs 1,002 thousand (1998: Rs 439 thousand) respectively.

16. Cash and bank balances

Cash in hand	81	42
Cash in transit	1,020	2,735
Bank balances - current accounts	10,493	9,344
	-----	-----
	11,594	12,121
	=====	=====

17. Sales

Local	600,653	516,859
Export	5,279	25,718
	-----	-----
	605,932	542,577
	=====	=====

1999 **1998**
(Rupees in thousand)

18. Cost of sales

Raw materials consumed		
Opening stock of raw materials	19,718	30,009
Purchases	285,090	224,114
Closing stock of raw materials	(40,825)	(19,718)
	-----	-----
Manufacturing expenses	263,983	234,405

Salaries, wages and other benefits	15,379	12,302
Fuel, power and water	28,487	24,856
Excise duty	27,319	25,119
Packing expenses	23,887	21,273
Repairs and maintenance (includes stores and spares consumed Rs 14,636 thousand; 1998: Rs 11,963 thousand)	20,585	17,996
Insurance	2,084	1,792
Vehicle running and maintenance	1,957	1,713
Travelling	1,572	1,632
Technical fee	3,584	2,589
Depreciation/amortisation	50,868	50,250
Other expenses	212	211
	-----	-----
	175,934	159,733
	-----	-----
Work-in-process	439,917	394,138
Opening stock	3,838	5,717
Closing stock	(4,082)	(3,838)
	-----	-----
	(244)	1,879
	-----	-----
Cost of goods manufactured	439,673	396,017
Finished goods		
Opening stock	4,434	7,139
Closing stock	(3,794)	(4,434)
	-----	-----
	640	2,705
	-----	-----
	440,313	398,722
	=====	=====

19. Administrative and general expenses

Salaries, wages and other benefits	6,847	6,172
Rent, rates and taxes	1,825	787
Printing, stationery and periodicals	1,680	1,253
Postage and telephone	3,458	2,943
Repairs and maintenance	1,245	106
Vehicle running and maintenance	262	202
Travelling	993	542
Insurance	204	172
Auditors' remuneration and expenses (note 19.1)	430	410
Legal and professional expenses	472	903
Depreciation/amortisation	1,448	3,509
Other expenses	2,002	1,690
	-----	-----
	20,866	18,689
	=====	=====

19.1 Auditors' remuneration and expenses

Audit fee	130	115
Fee for tax and consultancy services	265	260
Out of pocket expenses	35	35
	-----	-----
	430	410
	=====	=====

20. Selling and distribution expenses

Salaries, wages and other benefits	5,160	3,619
Distribution expenses	7,385	6,901
Travelling	1,504	991
Rent, rates and taxes	1,264	1,196

Repairs and maintenance	156	163
Vehicle running and maintenance	399	341
Insurance	243	172
Depreciation	642	638
Other expenses	1,079	1,976
	-----	-----
	17,832	15,997
	=====	=====

1999 **1998**
(Rupees in thousand)

21. Financial charges

Mark-up and related charges on liabilities against assets subject to finance lease	22,218	31,317
Mark-up on long term finance	4,438	4,212
Mark-up on short term finance	1,329	8,179
Bank charges	664	551
Excise duty on running finance	--	73
Interest on amounts payable to WPPF	5	--
	-----	-----
	28,654	44,332
	=====	=====

22. Other income

Profit on bank balances	1,359	10
Gain on sale of fixed assets	763	--
Sale of waste material	547	495
Others	--	20
	-----	-----
	2,669	525
	=====	=====

23. Remuneration of directors, chief executive and executives

The aggregate amounts charged in the accounts in respect of remuneration, including benefits and perquisites, were as follows:

	<i>Chief Executive</i>		<i>Executives</i>	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousand)</i>		<i>(Rupees in thousand)</i>	
Managerial remuneration	998	909	6,226	5,056
Retirement benefits	102	91	545	254
Housing	414	375	2,322	1,799
Utilities	92	83	469	388
Leave passage	81	146	306	219
Others	--	--	66	--
	-----	-----	-----	-----
	1,687	1,604	9,934	7,716
	=====	=====	=====	=====
No of persons	1	1	21	20

The above were also provided with medical facilities. In addition, the chief executive and certain executives were also provided with free transport and residential telephones. No remuneration was paid to directors during the year (1998: Nil).

1999 **1998**
(Rupees in thousand)

24. Cash generated from operations

Profit for the year	95,889	62,094
Adjustment for non cash charges and other items		
Depreciation	52,958	52,207

Amortisation of deferred cost	--	2,190
Financial charges	28,654	44,332
Gain on sale of fixed assets	(763)	--
	-----	-----
	801849	98,729
	-----	-----
	176,738	160,823

**Change in working capital
(Increase)/decrease in current assets**

Stores and spares	(12,373)	(6,587)
Stock-in-trade	(16,198)	14,178
Trade debts	4,555	(12,383)
Advances, deposits, prepayments and other receivables	1,535	(4,284)
	-----	-----
	(22,481)	(9,076)

Increase/(decrease) in current liabilities

Creditors, accrued and other liabilities
(excluding mark-up and related charges)

3,458	5,030
-------	-------

Changes in long term deposits

(19,023)	(4,046)
(676)	(195)

-----	-----
1571039	156,582
=====	=====

1999 **1998**

(Rupees in thousand)

24.1 Cash and cash equivalents

Cash and bank balances	11,594	12,121
Short term finance	--	(26,659)
	-----	-----
	11,594	(14,538)
	=====	=====

25. General

**25.1 Aggregate transactions with associated
companies during the year were as follows:**

Purchase of goods and services	24,917	18,731
Sale of goods and services	49,257	29,607

25.2 Capacity and production

	(Tonnes)	
Operational capacity	5,400	5,400
Production	5,193	4,390

25.3 Corresponding figures

Corresponding figures have been rearranged, where considered necessary,
for the purpose of comparison.

Javed Aslam
Chief Executive

Akira Yamamura
Director

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 1999**

<i>No. of Shareholders</i>	<i>Shareholding</i>	<i>Total shares held</i>
421	1 to 100	42,100

5,759	101	to	500	2,705,700
62	501	to	1000	61,800
61	1001	to	5000	190,500
6	5001	to	10000	50,000
6	10001	to	50000	120,300
3	50001	to	100000	212,000
2	100001	to	300000	255,700
6	300001	and	above	26,361,900
-----				-----
6,326				30,000,000
=====				=====

Categories of Shareholders

	Number of Shareholders	Shares held	Percentage
Individuals	6,309	8,168,300	27.23
Investment Companies	1	2,187,500	7.30
Insurance Companies	2	607,500	2.02
Joint Stock Companies	7	17,556,500	58.52
Financial Institutions	3	1,390,300	4.63
Modaraba Companies	3	84,900	0.28
Co-operative Society	1	5,000	0.02
	-----	-----	-----
	6,326	30,000,000	100.00
	=====	=====	=====