

Packages Limited

Annual Report 1998

Recycling Today For a Better World Tomorrow

| | |
|-----------------------|--------------------------------|
| Wheat Straw | Channel Cleaner |
| River Grass | Contra Shear Screen |
| Waste Paper Recycling | Sedimentation Tank |
| Krofta Clarifiers, | |
| DMS Screen | Belt Press |
| White Water Sieve | Chemical Recovery Plant |
| Misra Screen | Final Effluent After Treatment |
| Microsorter | Main Entrance |
| Vickery Screen | Assorted Packaging Materials |

The Management of Packages Limited realises that we live in a world where resources are finite and the eco-system has a limited capacity to absorb the load mankind is placing on it. That is why it is our belief that we must do everything practically possible to lessen the load we place on the environment and make every effort so that sustainable development becomes a reality.

CONTENTS

| |
|-----------------------------|
| INTRODUCTION |
| COMPANY INFORMATION |
| HIGHLIGHTS |
| NOTICE OF MEETING |
| DIRECTORS' REPORT |
| TO THE SHAREHOLDERS |
| AUDITORS' REPORT |
| TO THE MEMBERS |
| BALANCE SHEET |
| PROFIT AND LOSS ACCOUNT |
| CASH FLOW STATEMENT |
| NOTES TO THE ACCOUNTS |
| PATTERN OF SHAREHOLDING |
| STATEMENT AND REPORT UNDER |
| SUB-SECTION (1)(e), (f) AND |
| (g) OF SECTION 237 |
| RICEPAK LIMITED |
| PACKAGES HATTAR |
| (PVT) LIMITED |
| COATES LORILLEUX |
| PAKISTAN LIMITED |
| TEN-YEAR SUMMARY |

INTRODUCTION

Packages Limited was established in 1957 as a joint venture between the Ali group of Pakistan and Akerlund & Rausing of Sweden.

Over the years, the Company continued to enhance its facilities to meet the growing demand of packaging products. Additional capital was raised from sponsors, International Finance Corporation and from the public in 1965.

As a first step, Packages commissioned its own paper mill in 1968 having production capacity of 24,000 tonnes of paper & paper board based on waste paper and agricultural by-products i.e. wheat straw and river grass. As the demand continued to grow, it led the

Company to expand and by the middle of 1996 its annual capacity was increased to 65,000 tonnes of paper & paper board and corresponding converting ability.

Since 1982, Packages Limited has a joint venture in Tetra Pak Pakistan Limited with Tetra Pak International to manufacture paper for liquid food packaging and to sell Tetra Pak packaging equipment.

In 1993, a joint venture agreement was signed with Mitsubishi Corporation of Japan for the manufacture of polypropylene films at the Industrial Estate in Hattar, NWFP. This project, Tri-Pack Films Limited, commenced production in June, 1995 with equity participation by Packages Limited, Mitsubishi Corporation, Altawfeek Company for Investment Funds, Saudi Arabia and General Public. Packages Limited owns 33% of Tri-Pack Films Limited's equity.

In July, 1994, Coates Lorilleux Pakistan Limited, in which Packages Limited has 55% ownership, commenced production and sale of printing inks.

Packages has completed the balancing, modernization, replacement and expansion program which began in 1994. This has enabled the Company to minimize capacity constraints and improve quality to meet local and foreign competition as well as improve its environmental protection facilities.

In 1996, a joint venture agreement was signed with Printcare (Ceylon) Limited for the production of flexible packing materials in Sri Lanka. This project-Packages Lanka (Private) Limited-commenced production in the middle of 1998 in which Packages has equity participation of 30%.

INFORMATION

BOARD OF DIRECTORS

ASADULLAH KHAWAJA
KIRSTEN RAUSING
LARS AKE HELGESSON
RAFI IQBAL AHMAD
RAZI-UR-RAHMAN KHAN
SAYED MUZAFAR ALI SHAH
SYED ASAD ALL
SYED HYDER ALL
SYED WAJID ALL
(Chairman & Chief Executive)
TARIQ HAMID
DR. F. D. TOOR
(Alternate to Kirsten Rausing)
SAULAT SAID
Alternate to Lars Ake Helgesson)

ADVISOR

SYED BABAR ALI

COMPANY SECRETARY

ADI J. CAWASJI

AUDITORS

A. F. FERGUSON & CO.
CHARTERED ACCOUNTANTS

LEGAL ADVISORS

HASSAN & HASSAN - Lahore
ORR, DIGNAM & CO.-Karachi

BANKERS

ABN AMRO BANK
AMERICAN EXPRESS BANK LIMITED
ANZ GRINDLAYS BANK LIMITED
BANK OF AMERICA, N.T. & S.A.
CITIBANK N.A.
DEUTSCHE BANK A.G.
EMIRATES BANK INTERNATIONAL P.J.S.C.
HABIB BANK LIMITED
MUSLIM COMMERCIAL BANK LIMITED
STANDARD CHARTERED BANK
THE HONGKONG & SHANGHAI
BANKING CORPORATION LIMITED

HEAD OFFICE & WORKS

Shahrah-e-Roomi
P.O Amer Sidhu
Lahore-54760
Pakistan
PABX: 5811541-46, 5811191-94
Cable: PACKAGES LAHORE
Telex: 44866 PKGS PK
Fax: (042) 5811195, 5820147

**REGISTERED OFFICE
& REGIONAL SALES OFFICE**

1st Floor, Hilal-e-Ahmer House
Khayaban-e-Iqbal
Main Clifton Road
Karachi-75600
Pakistan
PABX: 5863941-42, 5874047-49
Cable: PACKAGES KARACHI
Telex: 20315 PKGS PK
Fax: (021) 5860251

REGIONAL SALES OFFICE

1st Floor, Yasin Plaza
74 West Blue Area
Islamabad-44000
Pakistan
Paktel: (0351) 7370694
PABX: 276765, 276768
Fax: (051) 829411

ZONAL SALES OFFICE

1st Floor, 61 Khan Plaza
Qasim Road
Multan Cantt,
Pakistan
Tel: 587370

HIGHLIGHTS

| | Year to June 30, 1998 | 1997 |
|---|--------------------------|----------|
| Sales - million rupees | 3,512.27 | 3,154.01 |
| Profit before tax- million rupees | 162.75 | 110.68 |
| Profit after tax- million rupees | 220.08 | 90.39 |
| Cash dividend - percentage of paid up capital | 10.00 | - |

| | | |
|--|------------|------------|
| Stock dividend - percentage of paid up capital | 15.00 | 12.50 |
| Earnings per share - rupees | 6.15 | 2.84 |
| Shareholders' equity - million rupees | 1,090.01 | 1,512.32 |
| Total assets - million rupees | 252.70 | 6,210.12 |
| Paper and board produced-tonnes | 50,370 | 54,301 |
| Paper and board converted - tonnes | 51,943 | 46,182 |
| Number of shareholders | 2,024 | 2,671 |
| Number of shares | 35,789,258 | 31,812,674 |
| Number of employees | 2,074 | 2,720 |

NOTICE OF MEETING

Notice is hereby given that the Forty Third Annual General Meeting of Packages Limited will be held at the Auditorium of the Institute of Chartered Accountants of Pakistan, G -31/8, Kehkashan, Clifton, Karachi on Wednesday, December 16, 1998 at 11.30 a. m. to transact the following business:-

A. Ordinary Business

1. To receive and consider the Accounts for the year ended June 30, 1998, the Report of the Auditors thereon and the Report of the Directors.

2. To declare a dividend.

3. To appoint Auditors and to fix their remuneration.

B. Special Business

4. To increase the Authorised Capital of the Company from Rs. 400 million to Rs. 500 million.

5. To approve the issue of bonus shares in the ratio of fifteen new shares for every one hundred existing ordinary shares held i.e. 15%.

Notes:

1. The Share Transfer Books of the Company for the entitlement of dividend and bonus shares will be closed from December 3, 1998 to December 16, 1998 both days inclusive.

2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote instead of him.

3. The instrument appointing a proxy 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 later than forty-eight hours before the time appointed for the Meeting. A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such

instruments of proxy shall be rendered invalid.

By Order of the Board

Karachi
November 24, 1998

Adi J. Cawasji
Company Secretary

**STATEMENT UNDER SECTION 160
OF THE COMPANIES ORDINANCE,
1984 REGARDING SPECIAL
BUSINESS:**

Item 4 of the Notice

It is proposed to increase the Authorised Capital of the Company from Rs. 400 million to Rs.500 million divided into 10,000,000 new ordinary shares of Rs. 10 each to facilitate further issue of capital from time to time according to the requirements of the Company. In this connection, it is intended to propose that the following Resolutions be passed as Special Resolutions, with or without modification:-

a) RESOLVED that the Authorised Share Capital of the Company be increased from Rs. 400,000,000 to Rs. 500,000,000 by the creation of 1 0,000,000 new ordinary shares of Rs. 10 each.

b) RESOLVED that the Memorandum of Association of the Company be altered by substituting for the figures "40,000,000" and "400,000,000" appearing in Clause V, the figures "50,000,000" and "500,000,000" respectively.

c) RESOLVED that the Articles of Association of the Company be altered by substituting for the figures "40,000,000" and "400,000,000" appearing in Article 4, the figures "50,000,000" and "500,000,000" respectively.

Item 5 of the Notice

The Directors have recommended the issue of 5,368,388 bonus shares by capitalisation of a part of the Free Reserves of the Company. After the issue, the total paid up capital will increase to Rs. 411,576,460. None of the Directors are interested in this business except to the extent of their entitlement to bonus shares as shareholders. The Directors recommend to consider and, if thought fit, pass with or without modification the following Resolutions as Ordinary Resolutions:-

a) RESOLVED that a sum of Rs. 53,683,880 out of the Free Reserves of the Company be capitalised and applied to the issue of 5,368,388 ordinary shares of Rs. 10 each and allotted as fully paid

up bonus shares to the members of the

Company who are registered in the books of the Company on December 16, 1998 in the proportion of fifteen such new shares for every one hundred existing ordinary shares held and that such new shares shall rank pari passu with the existing ordinary shares of the Company but shall not be eligible for dividend for the year ended June 30, 1998.

b) RESOLVED that in the event of any member holding shares which are not an exact multiple of 15, the Directors be and are hereby authorised to sell in the stock market such fractional entitlement and to pay the proceeds of sale when realised to a charitable institution approved under section 47 (1) of the Income Tax Ordinance, 1979.

c) RESOLVED that for the purpose of giving effect to the foregoing, the Directors be and are hereby authorised to give such directions as may be necessary and as they deem fit to settle any question or any difficulties that may arise in the distribution of the said new shares or in the payment of the sale proceeds of the fractions.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting their annual report together with the Company's audited accounts for the year ended June 30, 1998.

Operating Results

The year under review has been better than the last year. The Company's sales were more than Rs. 3.5 billion showing a growth of eleven percent over previous year. This is partly due to Government's rationalizing the tariff on imported commodities whose market share was being eroded in competition with smuggled goods. However, with the uncertain economic conditions in the country, your Company is viewing the future with caution.

Your Company has posted a pretax profit of Rs. 163 million as against Rs. 111 million last year. Improvement in profit is mainly due to increase in sales, better gross profit margin and keeping a tighter control on financial charges.

The Company's actual paper & board production and conversion were 56,370 tonnes against 54,301 tonnes and 51,943 tonnes against 46, 182 tonnes respectively last year.

Completion of Expansion Program

The expansion program started in 1994 has since been fully completed and has started showing results in the shape of enhanced production capacity, better

quality packaging materials and environmental friendly production process. Some of the highlights of investment were modification of paper machine, installation of two power generators of 5 MW each, expansion of flexible and corrugator lines and the chemical recovery plant. As a result of this expansion the Company's annual paper & board manufacturing capacity stands at 65,000 tonnes and its conversion capacity has been increased to 58,000 tonnes.

Improved Production Process

Realizing its corporate responsibility to reduce the burden of imports on the Country in a post nuclear era, your Company has successfully started experimenting the substitution of wood pulp with cotton linter pulp in its tissue manufacturing. Your Company has also acquired software for printing processes, which have helped in reducing the printing time and improving the quality of printing.

ISO Certification

The process of getting each production unit of the Company ISO 9000 certified is successfully continuing. All preparatory work for its tissue and corrugator lines has been completed and both the lines would be certified during this year.

Y2K Problem

The arrival of year 2000 will pose a serious challenge to many companies around the world. Your Company has already started the exercise to address this particular issue. The aim is to ensure that not only the Company's systems are millennium compliant but also those of its counterparts. For this purpose your Company has set a deadline of December 31, 1998 and hopes to become fully year 2000 compliant by that date.

Packages Lanka (Pvt) Lid - Sri Lanka

We feel pleasure in informing you that the joint venture started with Printcare Ceylon has commenced commercial production from middle of 1998.

Appropriation

The Directors recommend payment of cash dividend of 10 percent (Re. 1.00 per share) on the paid up capital of the Company. They further propose to issue 15 bonus shares for every 100 existing ordinary shares held by the shareholders.

Accordingly the following appropriations have been made:-

| | |
|---|-----------------------------|
| | (Rupees in thousand) |
| The Company made an after tax profit of | 220,079 |
| Adding thereto the unappropriated profit at June 30, 1997 | 801 |
| | ----- |
| Makes available for appropriation a sum of | 220,880 |
| From that sum the Directors recommend payment of a cash dividend of Re. 1.00 per share. | 35,789 |

| | |
|---|---------|
| Transfer to reserve for issuance of bonus shares in the ratio of 15:100 | 53,684 |
| and transfer to general reserve | 131,000 |
| | ----- |
| | 220,473 |
| | ----- |
| and propose to carry forward to 1998-99 the balance of | 407 |
| | ===== |

Appointment of Auditors

The present auditors Messers A.F. Ferguson & Co., Chartered Accountants retire and offer themselves for re-appointment.

You are requested to appoint the auditors and fix their remuneration for the year 1998-99.

Directors

Since the holding of the last Annual General Meeting on December 20, 1997, Mr. Muizuddin Ahmad, nominee of State Life Insurance Corporation of Pakistan, resigned and Sayed Muzafar Ali Shah was appointed in his place.

The Board of Directors wish to record their appreciation of the valuable services rendered by Mr. Muizuddin Ahmad during his tenure as a Director and extend their warm welcome to Sayed Muzafar Ali Shah, the new Director.

Customers

We are indebted to our valued customers for their continued patronage. The customer is the focal point of all our activities. Our efforts are directed towards ensuring quality of our products and top class service. We work closely with our customers to understand their needs and to offer them efficient packaging solutions.

Management & Staff Relations

The Company's most valuable assets are its employees. The Directors once again would like to recognize and record Company's employees valuable services and their commitment to the Company.

Future

We are living in uncertain and interesting times. We expect lot of challenges in business from around the world but are hopeful of a better future for which we need to work harder than before.

For and on behalf of the Board

(Syed Wajid Ali)
Chairman and Chief Executive

Lahore, October 15, 1998

AUDITORS REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Packages Limited as at June 30, 1998 and the related profit and loss account and the 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 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, 1998 and of the profit and the cash flow 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

Lahore, October 16, 1998

BALANCE SHEET
AS AT JUNE 30, 1998

Note

1998
(Rupees in thousand)

1997

Share Capital and Reserves

| | | | |
|--|----|-----------|-----------|
| Authorized capital | | | |
| 40,000,000 (1997: 35,000,000) | | | |
| ordinary shares of Rs. 10 each | | 400,000 | 350,000 |
| | | ===== | ===== |
| Issued, subscribed and paid up capital | 3 | 357,893 | 318,127 |
| Reserves | 4 | 1,338,309 | 1,193,391 |
| Unappropriated profit | | 407 | 801 |
| | | ----- | ----- |
| | | 1,696,609 | 1,512,319 |
| Redeemable Capital - secured | 5 | 89,270 | 202,415 |
| Liabilities against Assets subject to Finance Lease | 6 | 20,412 | 42,757 |
| Long-Term Loans and Deferred Liabilities | | | |
| Long-term loans and other payables-secured | | | |
| - for operations | 7 | 1,274,836 | 1,582,425 |
| - for hedging | 8 | 673,829 | 704,329 |
| | | ----- | ----- |
| | | 1,948,665 | 2,286,754 |
| Deferred liabilities | 9 | 326,613 | 386,050 |
| | | ----- | ----- |
| | | 2,275,278 | 2,672,804 |
| Current Liabilities | | | |
| Current portion of Redeemable capital | 5 | 113,145 | 118,144 |
| Liabilities against assets subject to finance lease | 6 | 22,345 | 18,876 |
| Long-term loans and other payables for operations | 7 | 487,241 | 436,229 |
| Loans for hedging | 10 | 308,888 | 102,403 |
| Finances under mark up arrangements--secured | 11 | 706,342 | 671,612 |
| Creditors, accrued and other liabilities | 12 | 497,381 | 432,557 |
| Proposed dividend | | 35,789 | - |
| | | ----- | ----- |
| | | 2,171,131 | 1,779,821 |
| Contingencies and Commitments | 13 | - | - |
| | | ----- | ----- |
| | | 6,252,700 | 6,210,116 |
| | | ===== | ===== |
| Fixed Capital Expenditure | | | |
| Operating fixed assets-tangible | 14 | 2,541,543 | 2,713,755 |
| Assets subject to finance lease | 15 | 71,378 | 77,585 |
| Capital work-in-progress | 16 | 7,183 | 21,391 |
| | | ----- | ----- |
| | | 2,620,104 | 2,812,731 |
| Long-Term Investments | 17 | 266,014 | 266,014 |
| Long-Term Loans, Deposits and Other Receivables | 18 | 1,203,141 | 1,110,418 |
| Current Assets | | | |
| Stores and spares | 19 | 237,416 | 241,852 |
| Stock-in-trade | 20 | 323,648 | 383,966 |
| Trade debts | 21 | 429,488 | 297,767 |
| Loans, advances, deposits, prepayments and other receivables | 22 | 199,234 | 241,636 |
| Cash and bank balances | 23 | 973,655 | 855,732 |
| | | ----- | ----- |
| | | 2,163,441 | 2,020,953 |
| | | ----- | ----- |
| | | 6,252,700 | 6,210,116 |
| | | ===== | ===== |

The annexed notes form an integral part of these accounts.

Syed Wajid Ali
Chief Executive

Asadullah Khawaja
Director

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1998**

Note

1998

1997

| | (Rupees in thousand) | | |
|---|----------------------|-----------|-----------|
| Sales | 24 | 3,512,272 | 3,154,006 |
| Cost of goods sold | 25 | 2,885,003 | 2,642,873 |
| | | ----- | ----- |
| Trading profit | | 627,269 | 511,133 |
| Selling, administration and general expenses | 26 | 256,524 | 243,882 |
| | | ----- | ----- |
| Operating profit | | 370,745 | 267,251 |
| Other income | 27 | 328,859 | 371,734 |
| | | ----- | ----- |
| | | 699,604 | 638,985 |
| | | ----- | ----- |
| Financial charges | 28 | 528,503 | 521,683 |
| Other charges | 29 | 8,348 | 6,618 |
| | | ----- | ----- |
| | | 536,851 | 528,301 |
| | | ----- | ----- |
| Profit before taxation | | 162,753 | 110,684 |
| Provision for taxation | 30 | (57,326) | 20,299 |
| | | ----- | ----- |
| Profit after taxation | | 220,079 | 90,385 |
| Unappropriated profit brought forward | | 801 | 182 |
| | | ----- | ----- |
| Available for appropriation | | 220,880 | 90,567 |
| Appropriations | | | |
| Transfer to genera reserve | | 131,000 | 50,000 |
| Transfer to capital reserve for issue of bonus shares | | | |
| Proposed dividend Re. 1.00 (1997: Rs. Nil) per share | | 53,684 | 39,766 |
| | | 35,789 | - |
| | | ----- | ----- |
| | | 220,473 | 89,766 |
| | | ----- | ----- |
| Unappropriated profit | | 407 | 801 |
| | | ===== | ===== |

The annexed notes form an integral part of these accounts.

Syed Wajid Ali
Chief Executive

Asadullah Khawaja
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 1998

| | Note | 1998 (Rupees in thousand) | 1997 |
|--|------|------------------------------|-----------|
| Cash flow from operating activities: | | | |
| Cash generated from operations | 37 | 951,332 | 848,038 |
| Financial charges paid | | (522,980) | (495,592) |
| Taxes paid | | (4,908) | (37,495) |
| | | ----- | ----- |
| Net cash inflow from operating activities | | 423,444 | 314,951 |
| Cash flow from investing activities: | | | |
| Fixed capitol expenditure | | (140,294) | (288,725) |
| Net (increase)/decrease in long-term loans, deposits and other receivables | | (92,723) | 18,202 |
| Sale proceeds of fixed assets | | 16,755 | 31,955 |
| Dividend received | | 94,048 | 75,434 |
| Net (increase)in long-term investments | | - | (63,501) |
| | | ----- | ----- |
| Net cash (outflow) from investing activities | | (122,214) | 226,635) |
| Cash flow from financing activities: | | | |
| Proceeds from redeemable capital, long-term loans and other payables | | 472,734 | 477,844 |
| Repayment of redeemable capital, long-term loans and other payables | | (671,471) | 117,570) |
| Payment of finance lease liabilities | | (18,876) | (15,947) |

| | | |
|--|-----------|-----------|
| Dividend paid | (424) | (42) |
| | ----- | ----- |
| Net cash inflow/(outflow) from financing activities | (218,037) | 344,285 |
| | ----- | ----- |
| Net increase in cash and cash equivalents | 83,193 | 432,601 |
| Cash and cash equivalents at the beginning of the year | 184,120 | (248,481) |
| Cash and cash equivalents at the end of the year | 267,313 | 184,120 |
| | ===== | ===== |

Syed Wajid Ali
Chief Executive

Asadullah Khawaja
Director

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 1998

1. Legal status and nature of business

The Company is incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges.

It is engaged in manufacture and selling of paper, paperboard, packaging materials and tissue products.

2. Summary of significant accounting policies

2.1 Accounting convention

The accounts have been prepared under the historical cost convention, modified by capitalisation of exchange differences referred to in note 2.8.

2.2 Taxation

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates realisable, if any.

The Company accounts for deferred taxation, using the liability method, on all major timing differences.

2.3 Fixed capital expenditure and depreciation

Operating fixed assets except land are stated at cost less accumulated depreciation. Land and capital work-in-progress are stated at cost. Cost in relation to certain plant and machinery signifies historical cost and exchange differences referred to in note 2.8 and interest etc. in note 2.10.

The management carried out a comprehensive review of the useful lives of major items of plant and machinery in 1985. Depreciation in respect of such assets is charged in annual installments so as to write off their year-end book value over their remaining re-estimated useful lives.

Depreciation on all other operating fixed assets is charged to profit on the straight line method so as to write off the historical cost of an asset over its estimated useful life at the following annual rates:

| | |
|------------------------|---------------|
| Plant and machinery | 6.25% to 20% |
| Buildings | 2.5% to 5% |
| Other equipments | 10% to 33.33% |
| Furniture and fixtures | 10% to 20% |
| Vehicles | 20% |

The full annual rate of depreciation is applied on the cost of additions, excluding exchange differences, while no depreciation is charged on assets deleted during the year.

The net exchange difference relating to an asset, at the end of each year, is amortized in equal installments over its remaining useful life. Major renewals and improvements are capitalised.

2.4 Assets subject to finance lease

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the lease are accounted for as liabilities.

Assets acquired under a finance lease are amortized over the useful life of the asset on a straight line method at the rates given in note 2.3. Amortization of leased assets is charged to profit.

2.5 Long-term investments

These are stated at lower of cost and market value determined on a portfolio basis. Provision is made for permanent diminution in the value of any investments.

2.6 Stores and spares

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice values plus other charges paid thereon.

2.7 Stock-in-trade

Stock of raw materials, except for those in transit, work-in process and finished goods are valued principally 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. Materials in transit are stated at cost comprising invoice values plus other charges paid thereon.

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

2.8 Foreign currencies

All assets and liabilities in foreign currencies are translated at exchange rates prevailing at the balance sheet date except for foreign currency long-term loans covered under State Bank of Pakistan risk cover scheme (Scheme) which are translated at the rates covered under "Scheme" referred to in note 7.1. Exchange differences on loans utilised for the acquisition of plant and machinery are capitalised upto the date of commissioning of the assets. All other exchange differences are included in profit currently.

2.9 Staff retirement benefits

The main features of the schemes operated by the Company for its employees are as, follows:-

(a) The executive staff who are not within the purview of Employees Old Age Benefits Act, 1976 participate in an approved funded pension scheme. In addition, there is an approved funded gratuity scheme for all employees. Monthly contributions are made to these funds on the basis of actuarial recommendation at the rate of 13 percent per annum of basic salaries for pension and 8.33 percent per annum of basic salaries for gratuity. The actuarial valuation of the schemes is carried out once in every three years and the latest valuation was carried out as at December 31,1997. The fair value of the plans' assets and the liabilities for past services at the latest valuation date were for Rs. 90.560 million and Rs. 103.473 million respectively for pension plan and Rs. 78.614 million and Rs. 78.505 million respectively for the gratuity plan. The future contribution rates of these plans include allowances for deficit and surplus. Attained age normal method, using the following significant assumptions, is used for valuation of these schemes:

- Expected rate of increase in salary level 8 percent per annum.

- Expected rate of interest 10 percent per annum.

(b) There is an approved contributory provident fund for all employees.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

2.10 Mark up, interest, profit and other charges

Mark up, interest, profit and other charges on redeemable capital and

long-term liabilities are capitalised upto the date of commissioning of the respective plant and machinery, acquired out of the proceeds of such redeemable capital and long-term liabilities. All other mark up, interest, profit and other charges are charged to income.

2.11 Revenue recognition

Revenue is recognised on despatch of goods or on the performance of services except for management fees which are recognised on receipt.

3. Issued, subscribed and paid up capital

| | 1998 (Rupees in thousand) | 1997 |
|--|------------------------------|---------|
| 11,260,868 ordinary shares of Rs. 10 each fully paid in cash | 112,609 | 112,609 |
| 148,780 ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash | 1,488 | 1,488 |
| 24,379,610 (1997: 20,403,026) ordinary shares of Rs. 10 each issued as fully paid bonus shares | 204,030 | 243,796 |
| | ----- | ----- |
| | 318,127 | 357,893 |
| | ===== | ===== |

4. Reserves

Movement in and composition of reserves is as follows:

| | | |
|--|-----------|-----------|
| Capital | | |
| Share premium | 203,589 | 203,589 |
| Reserve for issue of bonus shares | | |
| At the beginning of the year | 39,766 | 34,085 |
| Transfer from profit and loss account | 53,684 | 39,766 |
| Nominal value of bonus shares issued | (39,766) | (34,085) |
| | ----- | ----- |
| | 53,684 | 39,766 |
| Revenue | | |
| General reserve | | |
| At the beginning of the year | 950,036 | 900,036 |
| Transfer from profit and loss account | 131,000 | 50,000 |
| | ----- | ----- |
| | 1,081,036 | 950,036 |
| | ----- | ----- |
| | 1,338,309 | 1,193,391 |
| | ===== | ===== |

5. Redeemable capital - secured

These are composed of:

Long-term running finances under mark up arrangements

| | | |
|---|---------|---------|
| Finance 1 | - | 5,000 |
| Finance 2 | 35,625 | 59,375 |
| Finance 3 | 12,000 | 24,000 |
| Term Finance Certificates | 154,790 | 232,184 |
| | ----- | ----- |
| | 202,415 | 320,559 |
| Less: | | |
| Current portion shown under current liabilities | 113,145 | 118,144 |
| | ----- | ----- |
| | 89,270 | 202,415 |
| | ===== | ===== |

Finances 1 to 3

Security

These finances are secured by an equitable mortgage of immovable properties and by hypothecation of all plant and machinery and a floating charge on all current assets subject to hypothecation of stores, spares, stock-in-trade and trade debts in favour of the Company's bankers referred to in note 11.1.

All charges in favour of the lenders of these finances rank pari passu with each other and with those in favour of the lenders of the foreign currency loans referred to in note 7.1.

Terms of repayment

Finance 1

This finance has been repaid during the year.

Finance 2

It is a long-term finance arranged from a commercial bank for Rs. 95 million under mark up arrangements. Mark up is computed at the rate of Re. 0.12 per Rs. 1,000 per diem over and above the average of the last six months Short Term Federal Bonds' (STFBs) cut off yield, subject to a minimum of Re. 0.41 per Rs. 1,000 per diem. The outstanding balance is repayable in three equal half yearly installments. Mark up is payable half yearly.

Finance 3

This finance has replaced the balance outstanding against Term Finance Certificates issued to a commercial bank. Under the terms of the agreement, mark up is calculated at the rate of Re. 0.04 per Rs. 1,000 per diem over and above the State Bank of Pakistan's discount rate, subject to a minimum of Re. 0.41 per Rs. 1,000 per diem. In case of default liquidated damages upto 20% of the outstanding balance are payable. The outstanding balance is repayable in two half yearly installments. Mark up is payable half yearly.

Term Finance Certificates

Security

The certificates are secured by hypothecation of moveable assets of the Company ranking subsequent to the existing and future charges of the Company's other secured lenders.

Terms of repayment

This represents Term Finance Certificates issued to the public during 1995. Return on Term Finance Certificates is payable half yearly at a rate of 18.5% per annum. The outstanding principal amount of the certificates is primarily redeemable in two equal annual installments.

**6. Liabilities against assets
subject to finance lease**

| | 1998 | 1997 |
|---|----------------------|--------|
| | (Rupees in thousand) | |
| Present value of minimum lease rental payments | 42,757 | 61,633 |
| Less: Current portion shown under current liabilities | 22,345 | 18,876 |
| | ----- | ----- |
| | 20,412 | 42,757 |
| | ===== | ===== |

The value of the minimum lease rental payments have been discounted at an implicit interest rate of 19.95% to arrive at their present value. The balance rentals due under the lease agreement aggregate to Rs. 39.56 million (1997: Rs. 67.48 million) and are payable in equal monthly installments plus a lump sum payment of Rs. 9.93 million (1997: Rs. 9.93 million) for residual value in December 1999. Taxes, repairs and insurance costs are to be borne by the lessee. In case of termination of the agreement the lessee is to pay the entire rent for the unexpired year of the lease agreement. The liability is partly secured by a deposit of Rs. 9.93 million (1997: Rs. 9.93 million) included in long term security deposits under note 18.

7. Long-term loans and other payables

for operations - secured

| | | 1998 (Rupees in thousand) | 1997 |
|--|-------------|------------------------------|-----------|
| Foreign currency loans | - note 7. 1 | 1,704,954 | 1,904,125 |
| Other payables | - note 7. 2 | 57,123 | 114,529 |
| | | ----- | ----- |
| | | 1,762,077 | 2,018,654 |
| Less: Current portion shown under current liabilities | | | |
| Foreign currency loans | | 434,545 | 376,686 |
| Other payables | | 52,696 | 59,543 |
| | | ----- | ----- |
| | | 487,241 | 436,229 |
| | | ----- | ----- |
| | | 1,274,836 | 1,582,425 |
| | | ===== | ===== |

7.1 Foreign currency loans - secured

These are composed of

| Loan Lender | Currency | Currency balance | | Rupees equivalent | | Rate of interest per annum | No. of equal half yearly installments | Interest payable |
|---|----------|------------------|--------|-------------------|-----------|----------------------------------|---------------------------------------|------------------|
| | | 1998 | 1997 | 1998 | 1997 | | | |
| ----- | | | | | | | | |
| (In thousand) | | | | | | | | |
| ----- | | | | | | | | |
| 1. Standard Chartered Bank, Bahrain | SFR | - | 1,622 | - | 28,029 | 1% above 6 months LIBOR | | -Half yearly |
| 2. Swedfund international AB | US\$ | 571 | 714 | 14,328 | 17,910 | 1.25% above 6 months LIBOR | 4 | do |
| 3. DEG-Deutsche Investitions - Und Entwicklungsgesellschaft mbH | DM | 3,000 | 4,500 | 45,883 | 68,824 | 9.87% | 4 | do |
| 4. International Finance Corporation | | | | | | | | |
| Loan A | US\$ | 20,450 | 25,000 | 949,289 | 1,027,031 | 10.36% | 9 | do |
| Loan B | US\$ | 7,500 | 10,000 | 348,150 | 410,539 | 2.75% above 6 months LIBOR | 6 | do |
| 5. DEG Deutsche Investitions - Und Entwicklungsgesellschaft mbH | DM | 13,500 | 15,000 | 347,304 | 351,792 | 10.60% | 9 | do |
| | | | | ----- | ----- | | | |
| | | | | 1,704,954 | 1,904,125 | | | |
| | | | | ===== | ===== | | | |

Loan 1 has been repaid during the year.

Security

Loans 2 to 5 are secured by an equitable mortgage of immovable properties, hypothecation of all plant and machinery and a floating charge on all current assets subject to the hypothecation of stores, spares, stock-in-trade and trade debts in favour of the Company's bankers referred to in note 11.

All charges in favour of the lenders of these loans rank pari passu with those in favour of the lenders of the long-term running finances.

Terms of repayment

Loans 2 and 3 are repayable in the specified currencies converted at the following rates of exchange under the State Bank of Pakistan exchange risk cover scheme:

| | | |
|--------|--------|---------------|
| Loan 2 | US\$ 1 | = Rs. 25.0747 |
| Loan 3 | DM 1 | = Rs. 15.2943 |

Hedging of loans 4 and 5

The balance principal amounts of the liability on loan 4 US\$ 27.95 million and loan 5 DM 13.5 million have been hedged by the Company against currency fluctuations as follows:

Forward exchange contracts
US\$ Nil (1997:US\$ 10 million)

Purchase of foreign currencies
US\$ 27.95 million (1997: US\$ 25 million)
DM 13.50million (1997: DM 15 million)

The foreign currencies purchased have been placed as deposits referred to in notes 18 and 23 with financial institutions against which the Company has taken loans referred to in notes 8 and 10.

7.2 Other payables - secured

| | 1998 (Rupees in thousand) | 1997 |
|---------------|------------------------------|------------------|
| Import duties | 57,123 ===== | 114,529 ===== |

These represent 50% of the import duties and sales tax deferred under the Deferment of Import Duties Rules, 1991. The balance is repayable by year 2001. Surcharge is payable half yearly at a rate of 14% per annum. The liability is secured by bank guarantees included in note 11.1.

8. Long-term loans and other payables for hedging - secured

As referred to in note 7.1 these finances have been obtained from a financial institution and are repayable in the years 1999 to 2002. Mark up on these finances is payable annually at rates ranging from Re. 0.35 to Re. 0.40 per Rs. 1,000 per diem or part thereof on the outstanding balances.

Security

These loans are secured against long-term deposits referred to in note 18.2 and 23.1.

9. Deferred liabilities

| | | 1998 (Rupees in thousand) | 1997 |
|-----------------------|------------|------------------------------|------------------|
| These are composed of | | | |
| Deferred taxation | - note 9.1 | 286,500 | 350,080 |
| Vacation pay | | 40,113 ----- | 35,970 ----- |
| | | 326,613 ===== | 386,050 ===== |

9.1 The liability for deferred taxation comprises timing differences relating to:

| | 1998 (Rupees in thousand) | 1997 |
|------------------------------|------------------------------|-------------------|
| Accelerated tax depreciation | 298,534 | 360,871 |
| Accrued vacation pay | (12,034) ----- | (10,791) ----- |
| | 286,500 ===== | 350,080 ===== |

10. Current portion of long-term loans for hedging

As referred to in note 7.1, these finances have been obtained from financial institutions and are repayable by January, 1999. Rates of mark up range from Re. 0.3376 to Re. 0.3836 per Rs. 1,000 per diem or part thereof on the outstanding balances.

11. Finances under mark up arrangements - secured

| | | 1998 (Rupees in thousand) | 1997 |
|------------------|-------------|------------------------------|---------|
| Running finances | - note 11.1 | 379,024 | 671,612 |
| Term finances | - note 11.2 | 327,318 | - |
| | | ----- | ----- |
| | | 706,342 | 671,612 |
| | | ===== | ===== |

11.1 Running finances-secured

Short-term running finances available from a consortium of commercial banks under mark up arrangements amount to Rs. 962 million (1997: Rs. 962 million). The rates of mark up range from Re. 0.3877 to Re. 0.5300 per Rs. 1,000 per diem or part thereof on the balances outstanding. In the event, the Company fails to pay the balances on the expiry of the quarter, year or earlier demand, mark up is to be computed at the rates ranging from Re. 0.4827 to Re. 0.6207 per Rs. 1,000 per diem or part thereof on the balances unpaid. The aggregate short-term finances are secured by hypothecation of stores, spares, stock-in-trade and trade debts.

11.2 Term finances - secured

Term finances available from a consortium of commercial banks under mark up arrangements amount to Rs. 327.318 million (1997: Rs. Nil). The rate of mark up range from Re.0.3376 to Re.0.3835 per Rs. 1000 per diem or part thereof. Of the aggregate facility of Rs. 770.809 million secured by US\$ 15.433 million, the amount utilised for term finance is Rs. 282.004 million and for hedging is Rs. 225.670 million. Of facility of Rs. 128.532 million secured by DM 6.939 million, the amount utilised for term finance is Rs. 45.314 million and for hedging is Rs. 83.218 million.

Of the aggregate facility of Rs. 485 million (1997: Rs. 1,181 million) for opening letters of credit and Rs. 407 million (1997: Rs. 481 million) for guarantees, the amount utilised at June 30, 1998 was Rs. 69.728 million (1997: Rs. 86.694 million) and Rs. 172.925 million (1997: Rs. 276.866 million) respectively. Of the facility for guarantees, Rs. 355 million (1997: Rs. 355 million) is secured by a second hypothecation charge over stores, spares, stock-in-trade and trade debts.

12. Creditors, accrued and other liabilities

| | | 1998 (Rupees in thousand) | 1997 |
|--|-------------|------------------------------|---------|
| These are composed of | | | |
| Trade creditors | | 36,054 | 13,764 |
| Accrued liabilities | | 218,989 | 196,769 |
| Bills payable | | 31,931 | 23,940 |
| Sales tax payable | | 12,923 | 13,210 |
| Advances from customers | | 27,254 | 19,642 |
| Deposits-interest free repayable on demand | | 2,201 | 1,521 |
| Interest accrued on secured borrowings | | 83,195 | 83,754 |
| Mark up on secured redeemable capital | | 3,626 | 7,435 |
| Mark up on secured short term running finances | | 47,932 | 33,013 |
| Workers' profit participation fund | - note 12.1 | 7,865 | 5,092 |
| Unclaimed dividends | | 1,491 | 1,915 |
| TFCs payable | | 11,420 | 16,229 |
| Exchange risk coverage fee | | 748 | 967 |
| Others | | 11,752 | 15,306 |
| | | ----- | ----- |
| | | 497,381 | 432,557 |
| | | ===== | ===== |

12.1 Workers' profit participation fund

| | | |
|-------------------------------------|--------|--------|
| Opening balance as at July 1 | 5,092 | 10,600 |
| Provision for the year | 7,865 | 5,092 |
| Interest for the year | 345 | 210 |
| | ----- | ----- |
| | 13,302 | 15,902 |
| Less: Payments made during the year | 5,437 | 10,810 |
| | ----- | ----- |
| Closing balance | 7,865 | 5,092 |
| | ===== | ===== |

13. Contingencies and commitments

13.1 Contingencies

(i) Guarantees to banks for repayment of loans by employees Rs. 0.251 million (1997: Rs. 0.287 million).

(ii) Claims against the Company not acknowledged as debts Rs. 9.722 million (1997: Rs. 8.141 million).

(iii) Against a sales tax refund aggregating Rs. 12.827 million determined by the Sales Tax Officer (STO) on the basis of the orders of the Appellate Assistant Commissioner (AAC) for the assessment years 1977-78 through 1980-81 and recognised in the accounts in 1985, the STO filed an appeal in 1986 with the Income Tax Appellate Tribunal (ITAT) against the orders of the AAC for these years. The orders of the AAC were based on a decision already given by the ITAT on the Company's appeal for application of a lower rate of sales tax on self consumed material for earlier years. Pending the outcome of the appeal filed by STO no adjustment has been made for the refunds recognised in the accounts as the Company is of the view that the appeal of the STO will not be upheld by the ITAT.

13.2 Commitments in respect of

(i) Contracts for capital expenditure Rs. 4.63 million (1997: Rs. 43.307 million). Forward contracts booked with Standard Chartered Bank Rs. 416.987 million (1997: Rs. Nil).

(ii) Letters of credit other than capital expenditure Rs. 49.922 million (1997: Rs. 40.217 million).

(iii) Lease arrangements executed by the Company for the year ending June 30, 1999 amount to Rs. 0.707 million.

14. Operating fixed assets - tangible

14.1 The following is a statement of the operating fixed assets

| | Cost to June 30, 1997 | Additions/ (deletions) | Cost to June 30, 1998 | Accumulated depreciation June 30, 1997 | Depreciation charge for the year | Accumulated depreciation June 30, 1998 | Book value as at June 30, 1997 |
|--|-----------------------------|---------------------------|-----------------------------|---|--|---|---|
| ----- (Rupees in thousand) ----- | | | | | | | |
| Freehold land | 48,415 | 378 | 48,793 | - | - | - | 48,793 |
| Buildings on freehold land | 95,334 | - | 95,334 | 26,585 | 3,199 | 29,784 | 65,550 |
| Buildings on leasehold land | 50,208 | - | 50,208 | 15,295 | 1,542 | 16,837 | 33,371 |
| Plant and machinery | 3,928,184 | 129,270 (12,809) | 4,044,645 | 1430.02 | 292,975 (9,459) | 1,713,533 | 2,331,112 |
| Other equipment | 54,928 | 9,445 (67) | 64,306 | 39,435 | 7,550 (67) | 46,918 | 17,388 |
| Furniture and fixtures | 62,560 | 2,974 (503) | 65,031 | 39,057 | 5,055 (422) | 43,690 | 21,341 |
| Vehicles | 61,697 | 12,435 (6,529) | 67,603 | 37,182 | 11,132 (4,699) | 43,615 | 23,988 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| 1998 | 4,301,326 | 154,502 (19,908) | 4,435,920 | 1,587,571 | 321,453 (14,647) | 1,894,377 | 2,541,543 |

| | | | | | | | |
|------|-----------|---------------------|-----------|---------|--------------------|-----------|-----------|
| 1997 | 3,416,910 | 904,867 (20,451) | 4,301,326 | 1283338 | 310,604 (6,371) | 1,587,571 | 2,713,755 |
|------|-----------|---------------------|-----------|---------|--------------------|-----------|-----------|

Additions to plant and machinery include net interest, commitment, exchange differences and other charges Rs. 7.045 million (1997: Rs. 142.118 million). Fixed assets include assets amounting to Rs. 23.552 million of Ricepak division of the Company which has ceased its operations.

The depreciation charge for the year has been allocated as follows:

| | | 1998 (Rupees in thousand) | 1997 |
|-------------------------------------|-----------|------------------------------|---------|
| Cost of goods sold | - note 25 | 307,239 | 296,558 |
| Selling and distribution expenses | - note 26 | 2,552 | 2,598 |
| Administration and general expenses | - note 26 | 11,662 | 11,448 |
| | | ----- | ----- |
| | | 321,453 | 310,604 |
| | | ===== | ===== |

14.2 Disposal of operating fixed assets

Details of certain fixed assets sold during the year, all through negotiation, are as follows:

| Particulars of the assets | Sold to | Cost | Accumulated depreciation | Book Value | Sale Proceeds |
|-------------------------------|--|-------|-----------------------------|---------------|------------------|
| (Rupees in thousand) | | | | | |
| Executives | | | | | |
| Motor Cars | Mr. Abdul Jabbar Chaudhry | 723 | 506 | 217 | 333 |
| | Muhammad Hafeez | 408 | 83 | 325 | 350 |
| | Muhammad Shafiq | 377 | 339 | 38 | 271 |
| | Khalid Yacob | 8 | 2 | 6 | 350 |
| | M. Fasih Uz Zaman | 694 | 278 | 416 | 450 |
| | Malik M. Iqbal | 192 | 134 | 58 | 88 |
| Furniture and fixture | Mr. Nadeem Aslam | 20 | 14 | 6 | 9 |
| Employees | | | | | |
| Motor Cars | Mr. M. Asif Hussain | 265 | 106 | 159 | 198 |
| | Arshad Rauf Khan | 145 | 131 | 14 | 62 |
| | Shuja Ashfaq | 257 | 51 | 206 | 215 |
| | Mohsin Masud | 207 | 145 | 62 | 142 |
| | Arshad Khan | 130 | 117 | 13 | 30 |
| | Tariq Ahmad Khan Niazi | 125 | 113 | 12 | 46 |
| | Wasira Iqbal | 275 | 138 | 137 | 180 |
| | Iqbal A. Ghole | 126 | 113 | 13 | 61 |
| | Mahmood Azam Butt | 178 | 160 | 18 | 88 |
| | Imran Aslam | 9 | - | 9 | 340 |
| Associated undertaking | | | | | |
| Plant and machinery | Packages Lanka (Pvt) Ltd. Sri Lanka | 9,646 | 6,330 | 3,316 | 11,838 |
| Outsiders | | | | | |
| Motor Cars | Mr. Ahmad Din Saqib, Lahore | 959 | 863 | 96 | 237 |
| | Sajid Ali, Lahore | 262 | 235 | 27 | 212 |
| Equipment outside premises | Asiatic Systems, Karachi | 95 | 38 | 57 | 50 |
| Items below book | | | | | |

| | | | | |
|--------------------|--------|--------|-------|--------|
| value of Rs. 5,000 | 4,807 | 4,751 | 56 | 1,205 |
| | ----- | ----- | | |
| | 19,908 | 14,647 | 5,261 | 16,755 |
| | ===== | ===== | | |

15. Assets subject to finance lease

| | Cost to June 30, 1997 | Additions/ (deletions) | Cost to June 30, 1998 | Accumulated amortization | Book value as at June 30, 1998 | Amortization charge for the year |
|---------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------|--------------------------------------|--|
| | (Rupees in thousand) | | | | | |
| Plant and machinery | 99,309 | - | 99,309 | 27,931 | 71,378 | 6,207 |
| 1998 | 99,309 | - | 99,309 | 27,931 | 71,378 | 6,207 |
| 1997 | 99,309 | - | 99,309 | 21,724 | 77,585 | 6,207 |

Amortization charge during the year has been allocated to cost of goods sold.

16. Capital work-in-progress

| | 1998 (Rupees in thousand) | 1997 |
|--------------------------|------------------------------|--------|
| Plant and machinery | 5,975 | 21,298 |
| Civil works and building | 1,208 | 93 |
| | ----- | ----- |
| | 7,183 | 21,391 |
| | ===== | ===== |

Cost of plant and machinery includes net interest, commitment and other charges
Rs. Nil (1997: Rs. 2.539 million).

17. Long-term investments

| | 1998 (Rupees in thousand) | 1997 |
|---|------------------------------|--------|
| In subsidiaries | | |
| Unquoted | | |
| Coates Lorilleux Pakistan Limited 1,501,000 fully paid ordinary shares of Rs. 10 each - Equity held 55% Value of investment based on the net assets shown in the audited accounts as at June 30, 1998 Rs. 23.041 million (1997: Rs. 17.506 million) | 15,010 | 15,010 |
| Packages Hattar (Private) Limited 400 fully paid ordinary shares of Rs. 10 each - Equity held 100% Value of investment based on the net assets shown in the audited accounts as at June 30, 1998 Rs. 0.487 million (1997: Rs. 0.716 million) | 4 | 4 |
| Ricepak Limited 800 fully paid ordinary shares of Rs. 10 each Equity held 100% Value of investment based on the net assets shown in the audited accounts as at August 31, 1997 Rs. Nil | - | - |
| | ----- | ----- |
| carried forward | 15,014 | 15,014 |
| | (Rupees in thousand) | |
| brought forward | 15,014 | 15,014 |

In associated companies

Quoted

| | | |
|---|---------|---------|
| Nestle Milkpak Limited 2,432,832 fully paid ordinary shares of Rs. 10 each Market value (1997: Rs. 270.044 million) | 24,555 | 24,555 |
| First International Investment Bank Limited 1,799,998 fully paid ordinary shares of Rs. 10 each Equity held - 9.99% (1997: 9.99%) Market value - Rs. 16.20 million (1997: Rs. 18.00 million) | 25,000 | 25,000 |
| International General Insurance Co. of Pakistan Ltd. 731,438 (1997: 585, 151) fully paid ordinary shares of Rs. 10 each Equity held - 10.61% (1997: 10.61%) Market value - Rs. 32.183 million (1997: Rs. 39.937 million) | 22,519 | 22,519 |
| Tri-Pack Films Limited 10,000,000 fully paid ordinary shares of Rs. 10 each Equity held - 33.33% (1997: 33.33%) Market value - Rs. 93.00 million (1997: Rs. 90.00 million) | 100,000 | 100,000 |
| | ----- | ----- |
| | 172,074 | 172,074 |

Unquoted

| | | |
|---|---------|---------|
| Tetra Pak Pakistan Limited 5,353,333 (1997: 4,015,000) fully paid ordinary shares of Rs. 10 each Equity held - 44% (1997: 44%) Value of investment based on the net assets shown in the audited accounts as at December 31, 1997 Rs. 89.55 million (1997: Rs. 122.048 million) | 15,400 | 15,400 |
| Packages Lanka (Private) Limited 8,000,000 shares of SL Rupees 10 each Equity held 30% (1997: 30%) Value of investment based on the net assets shown in the audited accounts as at March 31, 1998 Rs. 59.502 million | 58,501 | 58,501 |
| | ----- | ----- |
| | 73,901 | 73,901 |
| | ----- | ----- |
| carried forward | 260,989 | 260,989 |

1998 1997
(Rupees in thousand)

| | | |
|-----------------|---------|---------|
| brought forward | 260,989 | 260,989 |
|-----------------|---------|---------|

Others

Unquoted

| | | |
|---|---------|---------|
| Pakistan Tourism Development Corporation Ltd. 2,500 fully paid ordinary shares of Rs. 10 each Chief Executive Mr. Imtiaz Ahmad Syed | 25 | 25 |
| Orient Match Company Limited 1,900 fully paid ordinary shares of Rs. 100 each Chief Executive Khawaja Mohammad Akbar | - | - |
| Coca-Cola Beverages Pakistan Limited 500,000 fully paid ordinary shares of Rs. 10 each Chief Executive Mr. Eric Martin Davis | 5,000 | 5,000 |
| | ----- | ----- |
| | 5,025 | 5,025 |
| | ----- | ----- |
| | 266,014 | 266,014 |
| | ===== | ===== |

**18. Long-term loans, deposits
and other receivables**

| | | | |
|------------------------------------|-------------|-----------|-----------|
| Loans to employees considered good | - note 18.1 | 482 | 384 |
| Security deposits | | 12,282 | 12,156 |
| Long-term deposits for hedging | - note 18.2 | 1,190,377 | 1,097,878 |
| | | ----- | ----- |
| | | 1,203,141 | 1,110,418 |
| | | ===== | ===== |

18.1 Loans to employees aggregating Rs. 0.060 million (1997: Rs. 0.067 million) are secured by joint registration of scooters or motor cycles in the name of the employees and the Company.

The remaining loans are unsecured.

There were no loans to employees outstanding for a year exceeding three years.

18.2 Long-term deposits for hedging consist of

| | 1998 (Rupees in thousand) | 1997 |
|--|------------------------------|-----------|
| US\$ 20.90 million (1997: US\$ 22 million) | 961,400 | 889,229 |
| DM 9 million (1997: DM 9 million) | 228,977 | 208,649 |
| | ----- | ----- |
| | 1,190,377 | 1,097,878 |
| | ===== | ===== |

These deposits are under lien for the loans referred to in note 8. These deposits placed with a financial institution are to mature in the years 1999 to 2002.

19. Stores and spares

| | 1998 (Rupees in thousand) | 1997 |
|--|------------------------------|---------|
| Stores (including in transit Rs. 1.029 million; 1997: Rs. 0.429 million) | 34,351 | 34,968 |
| Spares (including in transit Rs. 4.133 million; 1997: Rs. 3.923 million) | 203,065 | 206,884 |
| | ----- | ----- |
| | 237,416 | 241,852 |
| | ===== | ===== |

Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

| | 1998 (Rupees in thousand) | 1997 |
|---|------------------------------|---------|
| 20. Stock-in-trade | | |
| Raw materials (including in transit Rs. 45.354 million; 1997: Rs. 53.211 million) | 200,567 | 199,904 |
| Work-in-process | 48,553 | 54,617 |
| Finished goods | 74,528 | 129,445 |
| | ----- | ----- |
| | 323,648 | 383,966 |
| | ===== | ===== |

21. Trade debts
All debts are considered good and include secured debts of Rs. 6.864 million (1997: Rs. 3.665 million). Trade debts include amounts due from associated companies Rs. 52.136 million (1997: Rs. 62.510 million) and the maximum aggregate amount outstanding against them at the end of any month during the year was Rs. 81.887 million (1997: Rs. 72.554 million).

22. Loans, advances, deposits, prepayments and other receivables

| | 1998 (Rupees in thousand) | 1997 |
|--------------------------------------|------------------------------|------|
| Loans to employees - considered good | 141 | 143 |

| | | |
|--|---------|---------|
| Advances - considered good | | |
| To employees | 7,819 | 8,400 |
| To suppliers | 4,261 | 5,593 |
| To associated companies | 5,650 | 5,283 |
| | ----- | ----- |
| | 17,730 | 19,276 |
| Trade deposits | 3,795 | 3,375 |
| Prepayments | 1,934 | 13,721 |
| Balances with statutory authorities for excise and customs duty | 2,214 | 3,155 |
| Profit receivable on foreign currency deposits | 15,270 | 19,509 |
| Claims recoverable from Government | | |
| Sales tax | 6,353 | 27,730 |
| Customs duty | 649 | 1,709 |
| Income tax recoverable - note 22.1 | 36,013 | 36,013 |
| Income tax refundable | 107,375 | 108,720 |
| Workers' welfare fund | 1,457 | 1,457 |
| Octroi | 3,204 | 2,206 |
| Exchange rate differential | - | 2,705 |
| | ----- | ----- |
| | 155,051 | 180,540 |
| Other receivables | 3,099 | 1,917 |
| | ----- | ----- |
| | 199,234 | 241,636 |
| | ===== | ===== |

The maximum aggregate amount of advances to associated companies at the end of any month during the year was Rs. 9.335 million (1997: Rs. 9.703 million).

Included in advances to employees are amounts due from executives Rs. 0.736 million (1997: Rs. 0.267 million). The maximum aggregate amount due from executives at the end of any month during the year was Rs. 1.293 million (1997: Rs. 0.581 million).

22.1 In 1987, the Income Tax Officer (ITO) reopened the Company's assessments for the accounting years ended December 31, 1983 and 1984 disallowing primarily tax credits given to the Company under section 107 of the Income Tax Ordinance, 1979. The tax credit amounting to Rs. 36.013 million on its capital expenditure for these years was refused on the grounds that such expenditure represented an extension of the Company's undertaking which did not qualify for tax credit under this section in view of the Company's location. The assessments for these years were revised by the ITO on these grounds and taxes reassessed were adjusted against certain sales tax refunds and the tax credits previously determined by the ITO and set off against the assessments framed for these years.

The Company had filed an appeal against the revised orders of the ITO before the Commissioner of Income Tax (Appeals) {CIT (Appeals)}, Karachi. The Commissioner has in his order issued in 1988 held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The Income Tax Officer has filed an appeal against the Commissioner's order with the Income Tax Appellate Tribunal (ITAT). The ITAT has in its order issued in 1996 maintained the order of CIT (Appeals). The Assessing Officer after the receipt of the appellate order passed by CIT (Appeals), has issued notices under section 65 of the Income Tax Ordinance, 1979 and the Company has filed a writ petition against the aforesaid notices with the High Court of Sindh, the outcome of which is still pending.

The amount recoverable Rs. 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments.

23. Cash and bank balances

| | 1998 | 1997 |
|---------------------------------|----------------------|-------|
| | (Rupees in thousand) | |
| At banks | | |
| on special savings accounts | | |
| DM Nil (1997: DM 0.096 million) | - | 2,240 |
| on deposit accounts | | |
| US\$ 15.445 million | - note 23.1 | |
| (1997: US\$ 15.489 million) | | |

| | | |
|--|---------|---------|
| DM 6.94 million (1997: DM 8.3 million) | | |
| ITL Nil (1997: ITL 89.400 million) | 887,037 | 820,777 |
| on savings account- US\$ 0.000146 million (1997: US\$ 0.0015 million) | 7 | 61 |
| on current accounts including US\$ Nil (1997: US\$ 0.021 million) | 83,758 | 26,232 |
| | ----- | ----- |
| | 970,802 | 849,310 |
| In hand | 2,853 | 6,422 |
| | ----- | ----- |
| | 973,655 | 855,732 |
| | ===== | ===== |

23.1 Included in balances at banks on deposit account are US\$ 7.050 million (1997: US\$ 3 million) and DM4.5 million (1997: DM 6 million) which are under lien for loans referred to in note 10 and 11.2.

The foreign currencies included in deposit accounts are encashable at the current rate prescribed by the Federal Government.

24. Sales

| | 1998 | 1997 |
|--------------|----------------------|-----------|
| | (Rupees in thousand) | |
| Local sales | 3,499,266 | 3,152,067 |
| Export sales | 13,006 | 1,939 |
| | ----- | ----- |
| | 3,512,272 | 3,154,006 |
| | ===== | ===== |

Local sales are exclusive of Rs. 0.399 million (1997: Rs. 0.05 million) towards commission.

Export sales are exclusive of Rs. 0.047 million (1997: Rs. Nil) towards commission.

Sales are inclusive of sales tax and excise duty Rs. 422.644 million (1997: Rs. 475.59 million)

25. Cost of goods sold

| | 1998 | 1997 |
|---------------------------------------|----------------------|-----------|
| | (Rupees in thousand) | |
| Opening work-in-process | 54,617 | 48,198 |
| Materials consumed | 1,074,792 | 1,077,569 |
| Salaries, wages and amenities | 244,512 | 215,741 |
| Fuel and power | 308,224 | 250,971 |
| Production supplies | 126,674 | 114,780 |
| Excise duty and sales tax | 482,024 | 526,700 |
| Rent, rates and taxes | 7,290 | 3,551 |
| Insurance | 33,476 | 20,568 |
| Repairs and maintenance | 182,186 | 153,490 |
| Packing expenses | 7,935 | 8,153 |
| Depreciation | 307,239 | 296,558 |
| Amortization | 6,207 | 6,207 |
| Technical fee and royalty | 8,601 | 4,750 |
| Lease charges | 1,670 | 2,892 |
| Other expenses | 33,192 | 25,857 |
| | ----- | ----- |
| | 2,878,639 | 2,755,985 |
| Less: Closing work-in-process | 48,553 | 54,617 |
| | ----- | ----- |
| Cost of goods produced | 2,830,086 | 2,701,368 |
| Opening stock of finished goods | 129,445 | 70,950 |
| | ----- | ----- |
| | 2,959,531 | 2,772,318 |
| Less: Closing stock of finished goods | 74,528 | 129,445 |
| | ----- | ----- |
| | 2,885,003 | 2,642,873 |
| | ===== | ===== |

Cost of goods produced includes Rs. 360.466 million (1997: Rs. 325.486 million) for stores and spares consumed and Rs. 14.556 million (1997: Rs. Nil) for stores and spares written off.

Raw materials consumed include a provision of Rs. 0.921 million and Rs. 1.302 million being the penalty imposed by Central Excise Authorities which has been challenged by the Company and the matter is pending with the Custom, Excise and Sales Tax Appellate Tribunal and Additional Collector Central Excise respectively.

26. Selling administration and general expenses

| | 1998 (Rupees in thousand) | 1997 |
|--------------------------------------|------------------------------|---------|
| Selling and distribution expenses | | |
| Salaries, wages and amenities | 18,737 | 17,080 |
| Travelling | 3,700 | 3,406 |
| Rent, rates and taxes | 1,053 | 942 |
| Freight and distribution | 31,417 | 30,819 |
| Insurance | 722 | 786 |
| Advertising | 31,530 | 27,102 |
| Depreciation | 2,552 | 2,598 |
| Lease charges | - | 276 |
| Other expenses | 3,587 | 2,678 |
| | ----- | ----- |
| | 93,298 | 85,687 |
| Administration and general expenses | | |
| Salaries and amenities | 69,694 | 63,962 |
| Travelling | 13,677 | 12,238 |
| Rent, rates and taxes | 4,108 | 4,055 |
| Insurance | 2,044 | 2,108 |
| Printing, stationery and periodicals | 5,530 | 4,436 |
| Postage, telephone and telex | 15,147 | 16,194 |
| Motor vehicles running | 6,532 | 6,632 |
| Computer charges | 2,907 | 5,151 |
| Professional services | 3,931 | 6,490 |
| Repairs and maintenance | 4,038 | 5,383 |
| Depreciation | 11,662 | 11,448 |
| Lease charges | - | 617 |
| Other expenses | 23,956 | 19,481 |
| | ----- | ----- |
| | 163,226 | 158,195 |
| | ----- | ----- |
| | 256,524 | 243,882 |
| | ===== | ===== |

Selling, administration and general expenses include Rs. 11.227 million (1997: Rs. 14.434 million) for stores and spares consumed.

27. Other income

| | 1998 (Rupees in thousand) | 1997 |
|--|------------------------------|---------|
| Management and technical fee from associated companies | 2,528 | 1,627 |
| Management and technical fee from others | 994 | - |
| Rental income | 277 | 194 |
| Dividend income from associated companies | 94,048 | 75,434 |
| Insurance commission from an associated company | 2,160 | 1,961 |
| Lease income from associated companies | 12,620 | 10,396 |
| Profit on sale and deletion of fixed assets | 11,494 | 17,875 |
| Scrap sales | 3,298 | 1,734 |
| Provision and unclaimed balances written back | 2,833 | 20,984 |
| Agricultural income | 1,184 | 1,064 |
| Rebate claims | 344 | 310 |
| Income on foreign currency deposits | 185,076 | 231,565 |
| Profit on outside jobs including Rs. 1.307 million (1997: Rs. 0.565 million) from associated companies | 1,589 | 909 |
| Artwork charges | 8,783 | 5,972 |
| Others | 1,631 | 1,709 |

| | |
|---------|---------|
| ----- | ----- |
| 328,859 | 371,734 |
| ===== | ===== |

The dividend income comprises Rs. 72.270 million (1997: Rs. 64.240 million), Rs. 1.463 million (1997: Rs. 1.463 million), Rs. 15.813 million (1997: Rs. 9.731 million), Rs. 2.250 million (1997: Rs. Nil) and Rs. 2.252 million (1997: Rs. Nil) received from Tetra Pak Pakistan Limited, International General Insurance Company of Pakistan Limited, Nestle Milkpak Limited, First International Investment Bank Limited and Coates Lorilleux Pakistan Limited respectively.

28. Financial charges

| | 1998 | 1997 |
|--|----------------------|---------|
| | (Rupees in thousand) | |
| Interest and mark up including commitment charges on | | |
| Long-term foreign currency loans | 178,708 | 134,840 |
| Redeemable capital and local loans | 158,750 | 187,686 |
| Short-term running finances | 129,779 | 94,806 |
| Finance lease | 9,044 | 11,974 |
| Deferred import duties | 12,740 | 15,402 |
| Workers' profit participation fund | 345 | 210 |
| Premium on forward contract | 30,630 | 48,642 |
| Loan handling charges | 608 | 616 |
| Exchange risk coverage fee | 4,446 | 7,369 |
| Bank charges | 3,453 | 3,436 |
| Central excise duties on loans, advances and leased assets | - | 16,702 |
| | ----- | ----- |
| | 528,503 | 521,683 |
| | ===== | ===== |

29. Other charges

| | 1998 | 1997 |
|------------------------------------|---------------------|-------|
| | (Rupees n thousand) | |
| Workers' profit participation fund | 7,865 | 5,092 |
| Donations | - note 32 483 | 1,526 |
| | ----- | ----- |
| | 8,348 | 6,618 |
| | ===== | ===== |

30. Provision for taxation

| | | |
|--------------|----------|----------|
| For the year | | |
| - Current | 16,000 | 14,000 |
| - Deferred | 1,250 | 39,594 |
| | ----- | ----- |
| | 17,250 | 53,594 |
| Prior years | | |
| - Current | (9,747) | 247 |
| - Deferred | (64,829) | (33,542) |
| | ----- | ----- |
| | (74,576) | (33,295) |
| | ----- | ----- |
| | (57,326) | 20,299 |
| | ===== | ===== |

In view of available tax losses the provision for current taxation represents the minimum tax due under section 80D of the Income Tax Ordinance, 1979. For purposes of current taxation the tax losses available for carry forward as at June 30, 1998 are estimated at Rs. 491.08 million (1997:Rs.222.82 million), including assessed tax losses of Rs. 517.40 million (1997: Rs. 74.74 million).

31. Professional services

The charges for professional services include the following in respect of auditors' services for

| | 1998 (Rupees in thousand) | 1997 |
|---|------------------------------|-------|
| Statutory audit | 204 | 185 |
| Accounting services | 71 | 65 |
| Tax services | 811 | 1,955 |
| Share transfer, workers' profit participation fund audit, management staff pension fund audit, special reports and certificates for lending agencies and sundry advisory services | 206 | 217 |
| Out of pocket expenses | 77 | 94 |
| | ----- | ----- |
| | 1,369 | 2,516 |
| | ===== | ===== |

32. Donations

32.1 Names of donees in which a director or his spouse has an interest

| | 1998 (Rupees in thousand) | 1997 |
|--|------------------------------|------|
| Pakistan Olympic Association, Lahore (Syed Wajid Ali, Chief Executive is the President of the Association) | 30 | 25 |
| Pakistan Institute of Chemists, Lahore (Mr. Tariq Hamid, Director is a member of the Institute) | - | 20 |
| Liaqat National Hospital, Karachi (Syed Wajid Ali, Chief Executive is the President of Board of Governors) | 20 | - |
| Seerat International Research Centre, Lahore (Mr. Tariq Hamid, Director is a member of the Centre) | - | 10 |
| Institute of Engineers of Pakistan, Lahore (Mr. Tariq Hamid, Director is a member of the Institute) | 6 | 25 |

33. Remuneration of Chief Executive, Directors and Executives

33.1 The aggregate amount charged in the accounts for the year for remuneration, including certain benefits, to the Chief Executive, full time working directors including alternate directors and executives of the Company is as follows:

| | Chief Executive | | Directors and alternate directors | | Executives | |
|--|----------------------|-------|--------------------------------------|-------|------------|--------|
| | 1998 | 1997 | 1998 | 1997 | 1998 | 1997 |
| Number of persons | 1 | 1 | 5 | 5 | 83 | 84 |
| | ----- | | | | | |
| | (Rupees in thousand) | | | | | |
| | ----- | | | | | |
| Managerial remuneration | 928 | 836 | 3,844 | 3,783 | 25,264 | 23,081 |
| Contribution to provident, gratuity, pension and welfare funds | - | - | 782 | 712 | 5,088 | 4,785 |
| Housing | 592 | 1,283 | 1,916 | 2,053 | 10,533 | 9,752 |
| Utilities | 635 | 546 | 341 | 339 | 2,450 | 2,216 |
| Leave passage | 123 | - | 344 | 222 | 1,152 | 556 |
| Medical expenses | 85 | 101 | 1,727 | 239 | 879 | 1,657 |

| | | | | | | |
|---------------|-------|-------|-------|-------|--------|--------|
| Club expenses | 8 | 13 | 40 | 39 | 37 | 35 |
| Others | - | - | 150 | - | 1,132 | 1,149 |
| | ----- | | | | | |
| | 2,371 | 2,779 | 9,144 | 7,387 | 46,535 | 43,231 |
| | ----- | | | | | |

The Company also provides some of them with free transport and residential telephones.

33.2 Remuneration to other directors

Aggregate amount charged in the accounts for the year for fee to 2 directors (1997:2 directors) was Rs. 2,000 (1997: Rs. 2,000).

34. Transactions with associated companies

The Company purchased (and sold to associated companies goods, materials and services aggregating Rs. 245.228 million (1997: Rs. 219.786 million) and Rs. 580.588 million (1997: Rs. 544.347 million) respectively.

35. Capacity and production - tonnes

| | Capacity | | Actual production | |
|---------------------------|----------|------|-------------------|--------|
| | 1998 | 1997 | 1998 | 1997 |
| Paper and board produced | 60,000 | | 56,000 | 54,301 |
| Paper and board converted | 55,000 | | 50,000 | 46,182 |

Capacity for paper & board produced during the year was 60,000 tonnes but actual capacity as at June 30, 1998 stands at 65,000 tonnes.

The variance of actual production from capacity is on account of the product mix.

36. Rates of exchange

Liabilities in foreign currencies other than the long-term loans, booked under the State Bank of Pakistan exchange risk cover scheme and long-term loans hedged by forward exchange contracts have been translated into rupees at US\$ 2.1542 (1997: US\$ 2.4568), SFR 3.27 (1997: SFR 3.5675), SEK 17.1183 (1997: SEK 18.9559), DM 3.8871 (1997: DM 4.2639), GBP 1.2889 (1997: GBP 1.4738), ITL 3828.3374 (1997: ITL 4168.2298) and ¥ 302.7111 equal to Rs. 100.

Rate of exchange prescribed by the Federal Government for deposits on June 30, 1998 is US\$ 1.00 = Rs. 46.00.

37. Cash flow from operating activities

| | 1998 | 1997 |
|--|----------------------|----------------|
| | (Rupees in thousand) | |
| Profit before taxation | 162,753 | 110,684 |
| Add/(less) adjustment for non cash charges and other items | | |
| Depreciation | 321,453 | 310,604 |
| Amortization | 6,207 | 6,207 |
| Vacation pay | 4,143 | 3,214 |
| Profit on sale of fixed assets | (11,494) | (17,875) |
| Dividend income | (94,048) | (75,434) |
| | ----- | ----- |
| Financial charges | 389,014 | 337,400 |
| | 528,503 | 521,683 |
| | ----- | ----- |
| Profit before working capital changes | 917,517 | 859,083 |
| | | |
| Effect on cash flow due to working capital changes | | |
| Decrease in stores and spares | 4,436 | 7,385 |
| (Increase)/decrease in stock-in-trade | 60,318 | (37,351) |
| (Increase) in trade debts | (131,721) | (3,623) |
| Decrease in loans, advances, deposits, prepayments and other receivables | 41,057 | 65,737 |
| Increase/(decrease) in creditors, | | |

| | | |
|-------------------------------|---------|----------|
| accrued and other liabilities | 59,725 | (43,193) |
| | ----- | ----- |
| | 33,815 | (11,045) |
| | ----- | ----- |
| | 951,332 | 848,038 |
| | ===== | ===== |

38. Cash and cash equivalents

| | | |
|-------------------------------------|-----------|-----------|
| Cash and bank balances | 973,655 | 855,732 |
| Finances under mark up arrangements | (706,342) | (671,612) |
| | ----- | ----- |
| | 267,313 | 184,120 |
| | ===== | ===== |

39. Comparative figures

Previous figures have been restated, wherever necessary, for the purposes of comparison.

40. Statement pursuant to section 237 of the Companies Ordinance, 1984 and the last audited accounts of the subsidiary companies are annexed.

Syed Wajid Ali
Chief Executive

Asadullah Khawaja
Director

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 1998

| No of | | Shareholding | | Total | | | |
|--------------|---------|--------------|--------|-------------|--------|--------|---------|
| Shareholders | | Shareholding | | Shares Held | | | |
| 1,366 | Holding | From | 1 | TO | 100 | Shares | 25,850 |
| 519 | Holding | From | 101 | TO | 500 | Shares | 129,818 |
| 220 | Holding | From | 501 | TO | 1000 | Shares | 154,857 |
| 328 | Holding | From | 1001 | TO | 5000 | Shares | 728,915 |
| 55 | Holding | From | 5001 | TO | 10000 | Shares | 378,422 |
| 22 | Holding | From | 10001 | TO | 15000 | Shares | 259,905 |
| 18 | Holding | From | 15001 | TO | 20000 | Shares | 318,217 |
| 7 | Holding | From | 20001 | TO | 25000 | Shares | 153,981 |
| 6 | Holding | From | 25001 | TO | 30000 | Shares | 165,059 |
| 8 | Holding | From | 30001 | TO | 35000 | Shares | 264,414 |
| 5 | Holding | From | 35001 | TO | 40000 | Shares | 186,937 |
| 6 | Holding | From | 40001 | TO | 45000 | Shares | 258,667 |
| 1 | Holding | From | 45001 | TO | 50000 | Shares | 45,124 |
| 3 | Holding | From | 50001 | TO | 55000 | Shares | 161,727 |
| 3 | Holding | From | 55001 | TO | 60000 | Shares | 171,773 |
| 3 | Holding | From | 60001 | TO | 65000 | Shares | 190,706 |
| 4 | Holding | From | 65001 | TO | 70000 | Shares | 269,018 |
| 2 | Holding | From | 70001 | TO | 75000 | Shares | 142,649 |
| 1 | Holding | From | 75001 | TO | 80000 | Shares | 76,108 |
| 1 | Holding | From | 80001 | TO | 85000 | Shares | 82,197 |
| 3 | Holding | From | 85001 | TO | 90000 | Shares | 262,401 |
| 3 | Holding | From | 90001 | TO | 95000 | Shares | 283,338 |
| 3 | Holding | From | 95001 | TO | 100000 | Shares | 295,986 |
| 3 | Holding | From | 100001 | TO | 105000 | Shares | 303,460 |
| 3 | Holding | From | 115001 | TO | 120000 | Shares | 355,733 |
| 1 | Holding | From | 125001 | TO | 130000 | Shares | 126,000 |
| 1 | Holding | From | 145001 | TO | 150000 | Shares | 149,854 |
| 2 | Holding | From | 155001 | TO | 160000 | Shares | 312,411 |
| 1 | Holding | From | 175001 | TO | 180000 | Shares | 176,753 |
| 1 | Holding | From | 180001 | TO | 185000 | Shares | 184,556 |
| 1 | Holding | From | 195001 | TO | 200000 | Shares | 200,000 |
| 1 | Holding | From | 200001 | TO | 205000 | Shares | 201,085 |
| 1 | Holding | From | 215001 | TO | 220000 | Shares | 217,797 |
| 1 | Holding | From | 280001 | TO | 285000 | Shares | 282,801 |
| 1 | Holding | From | 285001 | TO | 290000 | Shares | 287,958 |
| 1 | Holding | From | 305001 | TO | 310000 | Shares | 307,350 |
| 1 | Holding | From | 345001 | TO | 350000 | Shares | 348,530 |
| 2 | Holding | From | 370001 | TO | 375000 | Shares | 743,139 |
| 2 | Holding | From | 420001 | TO | 425000 | Shares | 841,378 |
| 1 | Holding | From | 480001 | TO | 485000 | Shares | 484,888 |

| | | | | | | | |
|-------|---------|------|---------|----|---------|--------|------------|
| 1 | Holding | From | 500001 | TO | 505000 | Shares | 504,000 |
| 1 | Holding | From | 505001 | TO | 510000 | Shares | 508,412 |
| 1 | Holding | From | 635001 | TO | 640000 | Shares | 639,710 |
| 1 | Holding | From | 705001 | TO | 710000 | Shares | 708,289 |
| 1 | Holding | From | 920001 | TO | 925000 | Shares | 921,318 |
| 1 | Holding | From | 1205001 | TO | 1210000 | Shares | 1,206,196 |
| 1 | Holding | From | 1310001 | TO | 1315000 | Shares | 1,313,596 |
| 1 | Holding | From | 1955001 | TO | 1960000 | Shares | 1,959,427 |
| 1 | Holding | From | 2070001 | TO | 2075000 | Shares | 2,073,080 |
| 1 | Holding | From | 2935001 | TO | 2940000 | Shares | 2,937,354 |
| 1 | Holding | From | 3880001 | TO | 3885000 | Shares | 3,884,175 |
| 1 | Holding | From | 4145001 | TO | 4150000 | Shares | 4,149,869 |
| 1 | Holding | From | 4450001 | TO | 4455000 | Shares | 4,454,070 |
| ----- | | | | | | | ----- |
| 2624 | | | | | | | 35,789,258 |
| ===== | | | | | | | ===== |

Categories of Shareholders

| | Number | Shares Held | Percentage |
|---------------------------|--------|-------------|------------|
| 1. Individuals | 2,545 | 9,884,888 | 27.62 |
| 2. Investment Companies | 5 | 8,484,592 | 23.71 |
| 3. Insurance Companies | 10 | 5,960,658 | 16.65 |
| 4. Joint Stock Companies | 44 | 7,810,849 | 21.83 |
| 5. Financial Institutions | 10 | 3,079,444 | 8.60 |
| 6. Modaraba Companies | 3 | 8,257 | 0.02 |
| 7. Others | 7 | 560,570 | 1.57 |
| ----- | | | ----- |
| TOTAL | 2,624 | 35,789,258 | 100.00 |
| ===== | | | ===== |

| | | | |
|--|---|---------|-------|
| 1 Gurmani Foundation | - | 508,412 | 1.42 |
| 2. The Administrator Abandoned Properties, Govt. of Pakistan | - | 6,480 | 0.02 |
| 3. Gulab Devi Chest Hospital | - | 7,788 | 0.02 |
| 4. Corporate Law Authority | - | 1 | 0.00 |
| 5. Government of Punjab Finance Deptt | - | 7,143 | 0.02 |
| 6. Habib Bank Ltd A/c Mohammad Amin Wakf Estate | - | 25,121 | 0.07 |
| 7. Delhi Mercantile Muslim Co operative Housing Society Ltd. | - | 5,625 | 0.02 |
| ----- | | | ----- |
| 560,570 | | | 1.57 |
| ===== | | | ===== |

STATEMENT AND REPORT UNDER SUB-SECTION

(1) (e), (f) and (g) of section 237 of the companies ordinance, 1984

SUBSIDIARIES

| | | |
|------------------------|--|--|
| Ricepak Limited | Packages Hattar (Private) Limited | Coates Lorilleux Pakistan Limited |
|------------------------|--|--|

Statement under sub-section (1) (e)

(a) Extent of the interest of Packages Limited (the holding Company) in the equity of its subsidiaries at the end of the last financial year of the subsidiaries

| | | |
|------|------|-----|
| 100% | 100% | 55% |
|------|------|-----|

(Rupees in thousand)

(b) The net aggregate amount of profits less losses of the subsidiary companies so far as these concern members of the holding Company and have not been dealt with in the accounts of the holding Company for the year ended June 30,1998 are:

| | | | |
|---|---|-------|--------|
| i) for the last financial year of the subsidiaries | - | (229) | 10,039 |
| ii) for the previous years but subsequent to the acquisition of the controlling | | | |

| | | | |
|---------------------------------|-------|-------|--------|
| interest by the holding Company | (8) | 712 | 2,491 |
| | ----- | ----- | ----- |
| | (8) | 483 | 12,530 |

(c) The net aggregate amount of profits less losses of the subsidiary companies so far as these have been dealt with or provisions made for losses in the accounts of the holding Company for the year ended June 30, 1998 are:

| | | | |
|---|-------|-------|-------|
| i) for the last financial year of the subsidiaries | - | - | - |
| ii) for the previous years but subsequent to the acquisition of the controlling interest by the holding Company | - | - | - |
| | ----- | ----- | ----- |
| | - | - | - |

(d) In the case of subsidiary I, an application has been made to the Corporate Law Authority for allowing the holding Company to attach the accounts of subsidiary I for August 31, 1997.

SUBSIDIARIES

| | Ricepak Limited | Packages Hattar (Private) Limited | Coates Lorilleux Pakistan Limited |
|--|--------------------------------------|--|--|
| | I | II | III |
| Statement under sub-section (1) (f) | | | |
| (a) There has been no change in the holding Company's interest in subsidiary I between the end of the subsidiary's financial year and the end of the holding Company's financial year | | | |
| (b) No material changes have occurred between the end of the financial year of subsidiary I and the end of the holding Company's financial year in respect of the subsidiary's fixed assets, the holding Company's investment and the moneys lent by it and the moneys borrowed by it for purposes other than that of meeting current liabilities. | | | |
| Statement under sub-section (1) (g) | | N.A. | N.A. |
| Syed Wajid Ali Chief Executive | Asadullah Khawaja Director | | |

RICEPAK LIMITED

AUDITORS REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Ricepak Limited as at August 31, 1997 together with the notes forming part thereof 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 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;

(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, 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 August 31, 1997; and

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

A.F. FERGUSON & CO.
Chartered Accountants

Lahore, October 20, 1997

BALANCE SHEET
AS AT AUGUST 31, 1997

| | Note | 1997 Rupees | 1998 Rupees |
|--|------|----------------|----------------|
| Share Capital and Reserves | | | |
| Authorised capital | | | |
| 5,000,000 ordinary shares of Rs. 10 each | | 50,000,000 | 50,000,000 |
| | | ===== | ===== |
| Issued, subscribed and paid up capital | | | |
| 800 ordinary shares of Rs. 10 each | 3 | 8,000 | 8,000 |
| Accumulated loss | | (8,000) | (8,000) |
| | | ----- | ----- |
| | | - | - |
| | | ----- | ----- |
| | | - | - |
| | | ===== | ===== |

These accounts should be read in conjunction with the annexed notes.

Saulat Said
Chief Executive

Rafi Iqbal Ahmad
Director

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED AUGUST 31, 1997

1. Nature of business

Ricepak Limited is a wholly owned subsidiary of Packages Limited. The principal activity of the Company is processing, packaging and sale of rice. The Company was incorporated on July 9, 1992 as a private limited Company. It was converted into a public Company on January 30, 1993. The Company ceased manufacturing operations on August 30, 1993, at which date it sold certain of its assets and transferred certain liabilities to its parent Company. Consequently, a profit and loss account has not been drawn up.

2. Summary of significant accounting policies

2.1 Accounting convention

The accounts have been prepared under the historical cost convention.

2.2 Taxation

Provision for current taxation is based on taxable income, if any, for the year computed at the current rates of taxation after taking into account available tax rebates and credits, if any.

The Company accounts for deferred taxation using the liability method on all major timing differences. However, no provision is considered necessary at the year end.

2.3 Fixed assets

Fixed assets are stated at cost less accumulated depreciation, except for freehold land which is stated at cost. Depreciation on operation assets is charged to income on the straight line method so as to write off the cost of an asset over its estimated useful life at the following annual rates:

| | |
|---------------------------|---------------|
| Building on freehold land | 5% |
| Plant and machinery | 10% |
| Furniture and fixtures | 10% to 20% |
| Vehicles | 20% |
| Office equipment | 10% to 33.33% |

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 deletion of the assets are included in income.

The full annual rate of depreciation is applied on the cost of additions, while no depreciation is charged on assets deleted during the year.

2.4 Revenue recognition

Sales are recognised on despatch of goods to customers.

Issued, subscribed and paid up capital

The entire share capital is held by Packages Limited, the parent Company.

Saulat Said
Chief Executive

Rafi Iqbal Ahmad
Director

PACKAGES HATTAR (PRIVATE) LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Packages Hattar (Private) Limited as at June 30, 1998 and the related profit and loss account and the 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 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 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, 1998 and the loss and the cash flow 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

Lahore, October 22, 1998

BALANCE SHEET
AS AT JUNE 30, 1998

| Note | 1998 Rupees | 1997 Rupees |
|--|----------------|----------------|
| Share Capital and Reserves | | |
| Authorised capital | | |
| 500,000 ordinary shares of Rs. 10 each | 5,000,000 | 5,000,000 |
| Issued, subscribed and paid up capita | ===== | ===== |
| 400 (1997: 400) ordinary shares of | | |
| Rs. 10 each fully paid in cash | 4,000 | 4,000 |
| Unappropriated profit | 482,639 | 711,931 |
| | ----- | ----- |

| | | | |
|--|---|-----------|-----------|
| | | 486,639 | 715,931 |
| Current Liabilities | | | |
| Creditors, accrued and other liabilities | 3 | 905,066 | 457,563 |
| Contingencies and Commitments | | ----- | ----- |
| | | 1,391,705 | 1,173,494 |
| | | ===== | ===== |

| | Note | 1998 Rupees | 1997 Rupees |
|--|------|----------------|----------------|
| Fixed Capital Expenditure | | | |
| Operating fixed assets - tangible | 4 | 194,211 | 194,211 |
| Current Assets | | | |
| Spares | | 55,800 | 108,742 |
| Trade debts | | - | 734,125 |
| Advances, deposits, prepayments and other receivables | 5 | 1,141,694 | 126,497 |
| Bank balances - on current accounts | | - | 9,919 |
| | | ----- | ----- |
| | | 1,197,494 | 979,283 |
| | | ----- | ----- |
| | | 1,391,705 | 1,173,494 |
| | | ===== | ===== |

The annexed notes form an integral part of these accounts.

Khalid Yacob
Chief Executive

Rafi Iqbal Ahmad
Director

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1998**

| | Note | 1998 Rupees | 1997 Rupees |
|--|------|----------------|----------------|
| Sales | | - | 4,293,407 |
| Cost of goods sold | 6 | - | 3,874,498 |
| | | ----- | ----- |
| Trading profit | | - | 418,909 |
| Selling, administration and general expenses | 7 | 228,738 | 692,158 |
| | | ----- | ----- |
| Operating loss | | (228,738) | (273,249) |
| Other income | | - | 69,981 |
| | | ----- | ----- |
| Financial charges | | (228,738) | (203,268) |
| | | 554 | 5,594 |
| | | ----- | ----- |
| Loss before taxation | | (229,292) | (208,862) |
| Provision for taxation | 8 | - | 75,188 |
| | | ----- | ----- |
| Loss after taxation | | (229,292) | (284,050) |
| Unappropriated profit brought forward | | 711,931 | 995,981 |
| | | ----- | ----- |
| Unappropriated profit carried forward | | 482,639 | 711,931 |
| | | ===== | ===== |

The annexed notes form an integral part of these accounts.

Khalid Yacob
Chief Executive

Rafi Iqbal Ahmad
Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 1998**

| | Note | 1998 Rupees | 1997 Rupees |
|---|------|----------------|----------------|
| Cash flow from operating activities: | | | |
| Cash generated from operations | 9 | 1,007,446 | 134,617 |

| | | |
|--|-------------|-----------|
| Financial charges paid | (554) | (5,594) |
| Taxes paid | (1,016,811) | 361,236 |
| | ----- | ----- |
| Net cash (outflow) from operating activities | (9,919) | 232,213 |
| Cash flow from investing activities: | | |
| Sale proceeds of fixed assets | - | 31,000 |
| | ----- | ----- |
| Net cash inflow from investing activities | - | 31,000 |
| Net (decrease) in cash and cash equivalents | (9,919) | (201,213) |
| Cash and cash equivalents at the beginning of the year | 9,919 | 211,132 |
| Cash and cash equivalents at the end of the year | ----- | ----- |
| | 10 | 9,919 |
| | ===== | ===== |

The annexed notes form an integral part of these accounts.

Khalid Yacob
Chief Executive

Rafi Iqbal Ahmad
Director

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1998**

1. Nature of business

Packages Hattar (Pvt) Limited is a wholly owned subsidiary of Packages Limited. The Company was incorporated in Pakistan in January, 1993. Its principal activity is cutting, creasing and printing of corrugated board and cartons. The Company ceased manufacturing operations in November, 1996.

2. Summary of significant accounting policies

2.1 Accounting convention

These accounts have been prepared under the historical cost convention.

2.2 Taxation

The charge for current taxation for the period is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

The Company accounts for deferred taxation, using the liability method, on all major timing differences.

2.3 Fixed capital expenditure and depreciation

Operating fixed assets are stated at cost less accumulated depreciation.

Depreciation on all operating fixed assets is charged to profit on the straight line method so as to write off the historical cost of an asset over its estimated useful life at the following annual rates:

| | |
|--|-----|
| Plant and machinery | 20% |
| Furniture and fixtures | 10% |
| Electrical equipment and installations | 20% |
| Office equipment | 20% |

Vehicles 20%

The full annual rate of depreciation is applied on the cost of additions, while no depreciation is charged on assets deleted during the period. Major renewals and improvements are capitalised.

2.4 Revenue recognition

Revenue is recognised on the despatch of goods.

3. Creditors, accrued and other liabilities

| | 1998 Rupees | 1997 Rupees |
|-------------------------|----------------|----------------|
| Creditors | 46,970 | 28,682 |
| Accrued liabilities | 20,000 | 42,288 |
| Advances from customers | - | 295,143 |
| Due to holding Company | 838,096 | 91,450 |
| | ----- | ----- |
| | 905,066 | 457,563 |
| | ===== | ===== |

4. Operating fixed assets - tangible

The following is a statement of operating fixed assets

| | Cost to June 30, 1997 | Additions/ (deletions) | Cost to June 30, 1998 | Accumulated depreciation | Book value as at June 30, 1998 | Depreciation |
|---|-----------------------------|---------------------------|-----------------------------|-----------------------------|--------------------------------------|--------------|
| (In Rupees) | | | | | | |
| Plant and machinery | 549,500 | - | 549,500 | 402,936 | 146,564 | - |
| Electrical equipment and installations | 66,635 | - | 66,635 | 48,170 | 18,465 | - |
| Office equipment | 85,980 | - | 85,980 | 59,790 | 26,190 | - |
| Furniture and fixture | 4,600 | - | 4,600 | 1,608 | 2,992 | - |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| 1998 | 706,715 | - | 706,715 | 512,504 | 194,211 | - |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| 1997 | 737,888 | (31,173) | 706,715 | 512,504 | 194,211 | 140,884 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

| | 1998 Rupees | 1997 Rupees |
|---|----------------|----------------|
| The depreciation charge has been allocated as follows | | |
| Cost of goods sold | - | 123,688 |
| Administration and selling expenses | - | 17,196 |
| | ----- | ----- |
| | - | 140,884 |
| | ===== | ===== |

5. Advances, deposits, prepayments and other receivables

| | 1998 Rupees | 1997 Rupees |
|----------------------------------|----------------|----------------|
| Recoverable from tax authorities | 1,141,694 | 124,883 |
| Other receivables | - | 1,614 |
| | ----- | ----- |

| | | |
|---------------------------------------|-----------|-----------|
| | 1,141,694 | 126,497 |
| | ===== | ===== |
| 6. Cost of goods sold | | |
| Raw and packing materials consumed | - | 2,769,173 |
| Salaries, wages and amenities | - | 124,933 |
| Fuel and power | - | 28,072 |
| Rent, rates and taxes | - | 297,100 |
| Insurance | - | 16,060 |
| Repairs and maintenance | - | 13,581 |
| Depreciation | - note 4 | 123,688 |
| Other expenses | - | 4,891 |
| | ----- | ----- |
| | - | 3,377,498 |
| | ----- | ----- |
| Opening work-in-process | - | 226,000 |
| Less: Closing work-in-process | - | - |
| | ----- | ----- |
| | - | 226,000 |
| | ----- | ----- |
| | - | 3,603,498 |
| | ----- | ----- |
| Opening stock of finished goods | - | 271,000 |
| Less: Closing stock of finished goods | - | - |
| | ----- | ----- |
| | - | 271,000 |
| | ----- | ----- |
| | - | 3,874,498 |
| | ===== | ===== |

7. Selling, administration and general expenses

| | | |
|--|----------|---------|
| Salaries, amenities and benefits | - | 428,230 |
| Travelling, conveyance and entertainment | - | 17,055 |
| Rent, rates and taxes | - | 125,000 |
| Printing and stationery | - | 7,265 |
| Audit fee | 20,000 | 18,000 |
| Legal and professional charges | 97,650 | 21,439 |
| Insurance | 8,388 | 180 |
| Postage and telephone | 273 | 29,389 |
| Motor vehicles running | - | 22,781 |
| Depreciation | - note 4 | 17,196 |
| Packing, carriage and forwarding | - | 5,250 |
| Inventories written off | 52,942 | - |
| Other expenses | 49,485 | 373 |
| | ----- | ----- |
| | 228,738 | 692,158 |
| | ===== | ===== |

8. Provision for taxation

| | 1998 | 1997 |
|--------------|--------|--------|
| | Rupees | Rupees |
| For the year | | |
| - Current | - | 22,000 |
| -Deferred | - | 17,065 |
| | ----- | ----- |
| | - | 39,065 |
| Prior year | - | 36,123 |
| - Current | - | 75,188 |
| | ===== | ===== |

9. Cash flow from operating activities

| | | |
|---|-----------|-----------|
| Loss before taxation | (229,292) | (208,862) |
| Add/(less) adjustment for non cash charges and other items: | | |
| Depreciation | - | 140,884 |
| Financial charges | 554 | 5,594 |
| Profit on sale of fixed assets | - | (6,063) |

| | | |
|---|-----------|-------------|
| | ----- | ----- |
| | 554 | 140,415 |
| | ----- | ----- |
| Loss before working capital changes | (228,738) | (68,447) |
| Effect on cash flow due to working capital changes | | |
| (Increase)/decrease in spares | 52,942 | (2,726) |
| Decrease in stock-in-trade | - | 1,043,195 |
| Decrease in trade debts | 734,125 | 1,094,046 |
| Decrease in advances, deposits, prepayments and other receivables | 1,614 | 66,327 |
| Increase/(decrease) in creditors, accrued and other liabilities | 447,503 | (1,997,778) |
| | ----- | ----- |
| | 1,236,184 | 203,064 |
| | ----- | ----- |
| Cash generated from operations | 1,007,446 | 134,617 |
| | ===== | ===== |

10. Cash and cash equivalents

| | 1998 Rupees | 1997 Rupees |
|----------------------------------|----------------|----------------|
| Bank balances - current accounts | - | 9,919 |
| | ===== | ===== |

11. Comparative figures

Previous year's figures wherever necessary have been rearranged for comparison purposes.

Khalid Yacob
Chief Executive

Rafi Iqbal Ahmad
Director

COATES LORILLEUX PAKISTAN LIMITED

AUDITORS REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Coates Lorilleux Pakistan Limited as at June 30, 1998 and the related profit and loss account and the cash flow statement, together with the notes forming part thereof, for the year ended June 30, 1998 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 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

(ii) 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 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, 1998 and of the profit and the cash flow 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

Lahore, October 12, 1998

BALANCE SHEET
AS AT JUNE 30, 1998

| Note | 1998 (Rupees in thousand) | 1997 |
|--|------------------------------|---------|
| Share Capital | | |
| Authorised capital | 40,000 | 40,000 |
| | ===== | ===== |
| Issued, subscribed and paid up capital | 27,300 | 27,300 |
| Reserve for issue of bonus shares | 6,825 | - |
| Unappropriated profit | 7,767 | 4,529 |
| | ----- | ----- |
| | 41,892 | 31,829 |
| Redeemable Capital | | |
| | 13,200 | 23,400 |
| Deferred Liabilities | | |
| | 5,800 | 5,159 |
| Current Liabilities | | |
| Current portion of redeemable capital | 8,200 | 8,200 |
| Short-term running finances | 67,232 | 65,538 |
| Creditors, accrued and other liabilities | 17,726 | 14,729 |
| Proposed dividend | 8,190 | 4,095 |
| | ----- | ----- |
| | 101,348 | 92,562 |
| Contingencies and Commitments | - | - |
| | ----- | ----- |
| | 162,240 | 152,950 |
| | ===== | ===== |
| Note | 1998 (Rupees in thousand) | 1997 |
| Fixed Capital Expenditure | | |
| Operating fixed assets | 34,914 | 38,001 |

| | | | |
|---|----|---------|---------|
| Long-term Deposits and Deferred Costs | | | |
| | 9 | 80 | 264 |
| Current Assets | | | |
| Stores and spares | | 673 | 276 |
| Stock-in-trade | 10 | 74,579 | 73,902 |
| Trade debts | 11 | 35,971 | 15,437 |
| Advances, deposits, prepayments and other receivables | 12 | 15,733 | 23,742 |
| Cash and bank balances | 13 | 290 | 1,328 |
| | | ----- | ----- |
| | | 127,246 | 114,685 |
| | | ----- | ----- |
| | | 162,240 | 152,950 |
| | | ===== | ===== |

The annexed notes form an integral part of these accounts.

Tariq Hamid
Chief Executive

Arshad Iqbal
Director

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1998**

| | Note | 1998 (Rupees in thousand) | 1997 |
|---|------|------------------------------|---------|
| Sales | 14 | 241,064 | 213,392 |
| Cost of goods sold | 15 | 175,309 | 168,336 |
| | | ----- | ----- |
| Trading profit | | 65,755 | 45,056 |
| Selling, administration and general expenses | 16 | 15,492 | 12,596 |
| | | ----- | ----- |
| Operating profit | | 50,263 | 32,460 |
| Other income | 17 | 954 | 757 |
| | | ----- | ----- |
| | | 51,217 | 33,217 |
| | | ----- | ----- |
| Financial charges | 18 | 15,910 | 20,473 |
| Other charges | 19 | 2,480 | 637 |
| | | ----- | ----- |
| | | 18,390 | 21,110 |
| | | ----- | ----- |
| Profit before taxation | | 32,827 | 12,107 |
| Provision for taxation | 20 | 14,574 | 5,153 |
| | | ----- | ----- |
| Profit after taxation | | 18,253 | 6,954 |
| Profit brought forward | | 4,529 | 1,670 |
| | | ----- | ----- |
| Available for Appropriation | | 22,782 | 8,624 |
| Appropriations | | | |
| Transfer to capital reserve for issue of bonus shares | | 6,825 | - |
| Proposed dividend Rs. 3.00 (1997: Rs. 1.50) per share | | 8,190 | 4,095 |
| | | ----- | ----- |
| | | 15,015 | 4,095 |
| | | ----- | ----- |
| Unappropriated Profit | | 7,767 | 4,529 |
| | | ===== | ===== |

The annexed notes form an integral part of these accounts.

Tariq Hamid
Chief Executive

Arshad Iqbal
Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 1998**

| Note | 1998 (Rupees in thousand) | 1997 |
|---|------------------------------|----------|
| Cash flow from operating activities: | | |
| Cash generated from operations | 22 34,177 | 61,495 |
| Financial charges paid | (17,259) | (21,394) |
| Taxes paid | (3,713) | (10,850) |
| Dividend paid | (4,095) | - |
| | ----- | ----- |
| Net cash inflow from operating activities | 9,110 | 29,251 |
| Cash flow from investing activities: | | |
| Fixed capital expenditure | (2,058) | (1,150) |
| Long-term deposits and deferred costs | 163 | 41 |
| Insurance claim received | 253 | - |
| Sale proceeds of fixed assets | - | 275 |
| | ----- | ----- |
| Net cash (outflow) from investing activities | (1,642) | (834) |
| Cash flow from financing activities: | | |
| Repayment of long-term loans | (10,200) | (11,200) |
| | ----- | ----- |
| Net cash (outflow) from financing activities | (10,200) | (11,200) |
| Net increase/(decrease) in cash and cash equivalents | (2,732) | 17,217 |
| | ----- | ----- |
| Cash and cash equivalents at the beginning of the year | (64,210) | (81,427) |
| Cash and cash equivalents at the end of the year | 23 (66,942) | (64,210) |
| | ===== | ===== |

The annexed notes form an integral part of these accounts.

Tariq Hamid
Chief Executive

Arshad Iqbal
Director

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1998**

1. The Company and its operations

The Company is a subsidiary of Packages Limited. It is principally engaged in the manufacturing, processing and selling of finished and semi finished inks and lacquers.

It was incorporated on January 5, 1994 and commenced commercial production from July 1, 1994.

2. Summary of significant accounting policies

2.1 Accounting convention

The accounts have been prepared under the historical cost convention.

2.2 Taxation

The charge for current taxation for the year is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates realisable, if any.

The Company accounts for deferred taxation using the liability method, on all major timing differences.

2.3 Fixed capital expenditure and depreciation

Operating fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged to profit on the straight line method so as to write off the historical cost of an asset over its estimated useful life at the following annual rates:

| | |
|------------------------|--------------|
| Plant and machinery | 5% to 12.50% |
| Other equipment | 10% to 20% |
| Furniture and fixtures | 10% to 20% |
| Vehicles | 20% |

The full annual rate of depreciation is applied on the cost of additions, while no depreciation is charged on assets deleted during the year. Major renewals and improvements are capitalised.

2.4 Stores and spares

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice values plus other charges paid thereon.

2.5 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, labour and appropriate manufacturing overheads.

Materials in transit are stated at cost comprising invoice values plus other charges paid thereon.

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

2.6 Mark up, interest and other charges

Mark up, interest and other charges on redeemable capital are capitalised upto the date of commissioning of the respective plant and machinery acquired out of the proceeds of such redeemable capital.

All other mark up, interest and other charges are charged to income.

2.7 Revenue recognition

Revenue is recognised on despatch of goods.

3. Issued, subscribed and paid up capital

2,730,000 ordinary shares of Rs. 10 each fully paid in cash.

The holding Company Packages Limited holds 1,501,000 ordinary shares of the Company.

4. Redeemable capital - secured

| | 1998 | 1997 |
|--|----------------------|--------|
| | (Rupees in thousand) | |
| Long-term running finances | | |
| Finance 1 | 16,400 | 24,600 |
| Finance 2 | 5,000 | 7,000 |
| | ----- | ----- |
| | 21,400 | 31,600 |
| Less: Current portion shown under current liabilities | 8,200 | 8,200 |
| | ----- | ----- |
| | 13,200 | 23,400 |
| | ===== | ===== |

Security- Finances I and 2

These finances are secured by hypothecation of all, present and future fixed assets of the Company. All charges in favour of the lenders of these finances rank pari passu with each other.

Terms of repayment**Finance 1**

Under the arrangement goods owned by the Company amounting to Rs. 41 million were sold to the bank and deemed to be immediately repurchased by the Company at a price paid by the bank plus a mark up computed at the rate of Re. 0.4520 per Rs. 1,000 per diem or part thereof on the price outstanding. The outstanding balance is repayable in six equal half yearly installments. Mark up is payable quarterly. In case of default to repay the installments on the due dates, liquidated damages upto 20% of the outstanding balance are payable.

Finance 2

Under the arrangement goods owned by the Company amounting to Rs. 10 million were sold to the bank and deemed to be immediately repurchased by the Company at a price paid by the bank plus a mark up computed at the rate of Re. 0.0825 per Rs. 1,000 per diem over and above the average of the last six months Treasury bills (cut off) yield subject to a minimum of Re. 0.4658 per Rs. 1,000 per diem on the price outstanding. The outstanding balance is repayable in five equal half yearly installments.

5. Short-term running finances - secured

Short-term running finance facilities amounting to Rs. 130 million are available from commercial banks under mark up arrangements. Under these arrangements goods owned by the Company are sold to the banks and are deemed to be immediately repurchased by the Company at a price paid by the banks plus a mark up computed at rates ranging from Re. 0.3973 to Re. 0.4247 per Rs. 1,000 per diem or part thereof on the price outstanding. The financing is secured by hypothecation of stocks and trade debts.

Of the aggregate facility of Rs. 120 million for opening letters of credit the amount utilised at June 30, 1998 was Rs. 17.37 million (1997: Rs. 4.922 million).

6. Creditors, accrued and other liabilities

| | 1998 | 1997 |
|--|----------------------|--------|
| | (Rupees in thousand) | |
| Creditors | 2,199 | 2,272 |
| Bills payable | 3,869 | 925 |
| Accrued liabilities | 3,448 | 4,525 |
| Mark up on secured redeemable capital | 1,233 | 2,042 |
| Mark up on secured short term running finances | 2,587 | 3,127 |
| Workers' profit participation fund | 1,765 | 637 |
| Workers' welfare fund | 715 | - |
| Sales tax payable | 1,467 | 896 |
| Advances from customers | 151 | 122 |
| Others | 292 | 183 |
| | ----- | ----- |
| | 17,726 | 14,729 |
| | ===== | ===== |

7. Contingencies and commitments

Commitments in respect of

(i) Letters of credit other than capital expenditure Rs. 17.449 million (1997: Rs. 4.922 million).

(ii) Lease arrangements executed by the Company for the year ending June 30, 1999 amount to Rs. 0.107 million.

8. Operating fixed assets

| | Cost to June 30, 1997 | Additions/ (deletions) during the year | Cost to June 30, 1998 | Accumulated depreciation as at June 30, 1997 | Depreciation charge for the year | Accumulated depreciation as at June 30, 1998 | Book value as at June 30, 1998 |
|------------------------|-----------------------------|---|-----------------------------|---|--|---|---|
| Plant and machinery | 33,908 | 45 | 33,953 | 6,135 | 2,192 | 8,327 | 25,626 |
| Other equipment | 9,411 | 168 | 9,579 | 3,093 | 1,173 | 4,266 | 5,313 |
| Furniture and fixtures | 4,370 | 169 | 4,539 | 1,870 | 677 | 2,547 | 1,992 |
| Vehicles | 3,081 | 1,676 (253) | 4,504 | 1,671 | 901 (51) | 2,521 | 1,983 |
| ----- | | | | | | | |
| 1998 | 50,770 | 2,058 (253) | 52,575 | 12,769 | 4,943 (51) | 17,661 | 34,914 |
| ===== | | | | | | | |
| 1997 | 49,441 | 1,532 (203) | 50,770 | 8,243 | 4,607 (81) | 12,769 | 38,001 |
| ===== | | | | | | | |

The depreciation charge for the year has been allocated as follows:

| | 1998 (Rupees in thousand) | 1997 |
|--|------------------------------|-------|
| Cost of goods sold | - note 15 | 3,767 |
| Selling, administration and general expenses | - note 16 | 1,176 |
| | ----- | ----- |
| | 4,943 | 4,607 |
| | ===== | ===== |

9. Long-term deposits and deferred costs

| | | |
|----------------------|-------|-------|
| Long-term deposits | | |
| Security deposits | 73 | 237 |
| Deferred costs | | |
| Preliminary expenses | 7 | 27 |
| | ----- | ----- |
| | 80 | 264 |
| | ===== | ===== |

10. Stock-in-trade

| | | |
|--|--------|--------|
| Raw materials including in transit Rs. 5.929 million (1997: Rs. 3.765 million) | 53,682 | 56,780 |
| Work-in-process | 9,940 | 8,743 |
| Finished goods | 10,957 | 8,379 |
| | ----- | ----- |
| | 74,579 | 73,902 |
| | ===== | ===== |

11. Trade debts

| | | |
|------------------------------|--------|--------|
| Trade debts | 36,691 | 15,437 |
| Provision for doubtful debts | (720) | - |
| | ----- | ----- |
| | 35,971 | 15,437 |
| | ===== | ===== |

All debts are unsecured and considered good. Trade debts include amounts due from associated companies Rs. 19.6 million (1997: Rs. 6.3 million).

12. Advances, deposits, prepayments and other receivables

1998

1997

(Rupees in thousand)

| | | |
|---|--------|--------|
| Advances to employees-considered good | 141 | 158 |
| Balances with statutory authorities for excise duty | 4 | 47 |
| Claim for taxes recoverable | 11,799 | 22,019 |
| Prepayments | - | 2 |
| Advances to suppliers | 35 | 525 |
| Margin held against L/Cs | 1,322 | - |
| Other receivables | 2,432 | 991 |
| | ----- | ----- |
| | 15,733 | 23,742 |
| | ===== | ===== |

Advances to employees include an aggregate amount of Rs. 14,999 (1997: Rs.33,242) due from Directors.

13. Cash and bank balances

| | |
|-----------------------------|-------------|
| 1998 | 1997 |
| (Rupees in thousand) | |

The balances were held

| | | |
|---|-------|-------|
| At bank - on current accounts | 133 | 1,248 |
| In hand including cheques Rs. Nil (1997: Rs. 40,360) | 157 | 80 |
| | ----- | ----- |
| | 290 | 1,328 |
| | ===== | ===== |

14. Sales

Sales are exclusive of sales tax and excise duty amounting to Rs. 30.19 million (1997: Rs. 35.96 million).

| | |
|-----------------------------|-------------|
| 1998 | 1997 |
| (Rupees in thousand) | |

15. Cost of goods sold

| | | |
|---------------------------------------|---------|---------|
| Raw material consumed | 151,077 | 139,957 |
| Packing material consumed | 7,603 | 6,464 |
| Salaries, wages and amenities | 6,318 | 5,716 |
| Travelling & conveyance | 350 | 312 |
| Fuel and power | 1,836 | 1,405 |
| Rent, rates and taxes | 2,047 | 1,637 |
| Insurance | 305 | 356 |
| Repairs and maintenance | 504 | 1,092 |
| Technical fee and royalty | 4,864 | 4,186 |
| Depreciation | 3,767 | 3,738 |
| Lease charges | 151 | 307 |
| Other expenses | 262 | 219 |
| | ----- | ----- |
| | 179,084 | 165,389 |
| Opening work-in-process | 8,743 | 11,451 |
| Less: Closing work-in-process | 9,940 | 8,743 |
| | ----- | ----- |
| | (1,197) | 2,708 |
| | ----- | ----- |
| Cost of goods manufactured | 177,887 | 168,097 |
| Opening stock of finished goods | 8,379 | 8,618 |
| Less: Closing stock of finished goods | 10,957 | 8,379 |
| | ----- | ----- |
| | (2,578) | 239 |
| | ----- | ----- |
| | 175,309 | 168,336 |
| | ===== | ===== |

Salaries, wages and amenities principally represent employees' costs charged by the parent Company for staff on deputation.

16. Selling, administration and general expenses

| | 1998 (Rupees in thousand) | 1997 |
|--|------------------------------|--------|
| Salaries and amenities including remuneration paid to directors Rs. 1.297 million (1997: Rs. 1.155 million) | 7,111 | 6,552 |
| Travelling and conveyance | 1,001 | 972 |
| Rent, rates and taxes | 353 | 289 |
| Insurance | 215 | 198 |
| Printing and stationery | 562 | 445 |
| Postage, telephone and telex | 926 | 931 |
| Advertising | 300 | 169 |
| Depreciation | 1,176 | 869 |
| Amortization of deferred costs | 21 | 21 |
| Lease charges | 534 | 524 |
| Audit fee | 60 | 50 |
| Professional services | 562 | 175 |
| Repairs and maintenance | 200 | 166 |
| Freight outward | 1,011 | 722 |
| Bad debts | 734 | 170 |
| Others | 726 | 343 |
| | ----- | ----- |
| | 15,492 | 12,596 |
| | ===== | ===== |

Salaries and amenities principally represent employees' costs charged by the parent Company for staff on deputation.

17. Other income

| | | |
|---|-------|-------|
| Scrap sales | 745 | 563 |
| Profit on disposal of fixed assets | - | 158 |
| Gain on insurance claim settled | 51 | - |
| Insurance commission from an associated company | 158 | 36 |
| | ----- | ----- |
| | 954 | 757 |
| | ===== | ===== |

18. Financial charges

| | | |
|--|--------|--------|
| Mark up on redeemable capital | 4,714 | 6,968 |
| Mark up on short-term running finances | 10,869 | 12,183 |
| Central excise duties | - | 1,112 |
| Exchange loss | 101 | - |
| Bank charges | 226 | 210 |
| | ----- | ----- |
| | 15,910 | 20,473 |
| | ===== | ===== |

19. Other charges

| | | |
|--|-------|-------|
| Provision for workers' profit participation fund | 1,765 | 637 |
| Provision for workers' welfare fund | 715 | - |
| | ----- | ----- |
| | 2,480 | 637 |
| | ===== | ===== |

20. Provision for taxation

| | | |
|--------------|---------|-------|
| For the year | | |
| - Current | 15,000 | 3,600 |
| - Deferred | (500) | 1,799 |
| | ----- | ----- |
| | 14,500 | 5,399 |
| | ----- | ----- |
| Prior year | | |
| - Current | (1,067) | (3) |
| - Deferred | 1,141 | (243) |
| | ----- | ----- |
| | 74 | (246) |
| | ----- | ----- |
| | 14,574 | 5,153 |
| | ===== | ===== |

21. Transactions with associated companies

The Company purchased from and sold to associated companies goods, materials and services aggregating Rs. 5.083 million (1997: Rs. 3.884 million) and Rs. 157.853 million (1997: Rs. 147.719 million) respectively.

| | 1998 (Rupees in thousand) | 1997 |
|---|------------------------------|--------|
| 22. Cash generated from operations | | |
| Profit before taxation | 32,827 | 12,107 |
| Add/(less) adjustment for non cash charges and other items: | | |
| Depreciation and amortization | 4,964 | 4,628 |
| Financial charges | 15,910 | 20,473 |
| Profit on disposal of fixed assets | - | (158) |
| Asset donated | - | 5 |
| Profit on insurance claim settled | (51) | - |
| | ----- | ----- |
| Profit before working capital changes | 53,650 | 37,055 |
| Effect on cash flow due to working capital changes | | |
| (Increase) in stores and spares | (397) | (154) |
| (Increase)/decrease in stock-in-trade | (677) | 10,745 |
| (Increase)/decrease in trade debts | (20,534) | 9,842 |
| (Increase)/decrease in loans, advances, deposits, prepayments and other receivables | (2,211) | 3,850 |
| Increase in creditors, accrued and other liabilities | 4,346 | 157 |
| | ----- | ----- |
| | (19,473) | 24,440 |
| | ----- | ----- |
| Cash generated from operations | 34,177 | 61,495 |
| | ===== | ===== |

| | 1998 (Rupees in thousand) | 1997 |
|--------------------------------------|------------------------------|----------|
| 23. Cash and cash equivalents | | |
| Cash and bank balances | 290 | 1,328 |
| Short-term running finances | (67,232) | (65,538) |
| | ----- | ----- |
| | (66,942) | (64,210) |
| | ===== | ===== |

24. Comparative figures

Previous year's figures have been restated, wherever necessary, for the purposes of comparison.

Tariq Hamid
Chief Executive

Arshad Iqbal
Director

TEN-YEAR SUMMARY

(rupees in thousand)

| | Year to June 30, 1998 | Year to June 30, 1997 | Year to June 30, 1996 | Six months to June 30, 1995 | Year to Dec. 31, 1994 | Year to Dec. 31, 1993 | Year to Dec. 31, 1992 | Year to Dec. 31, 1991 | Year to Dec. 31, 1990 | Year to Dec. 31, 1989 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Assets employed | | | | | | | | | | |
| Fixed assets-at cost | 4,535,229 | 4,400,635 | 3,516,219 | 2,740,770 | 2,333,407 | 1,991,323 | 1,766,571 | 1,523,268 | 1,143,494 | 932,831 |
| Accumulated depreciation/ Amortization | 1,922,308 | 1,609,295 | 1,298,855 | 1,052,692 | 967,477 | 816,049 | 698,136 | 593,219 | 503,238 | 435,777 |
| Net fixed assets | 2,612,921 | 2,791,340 | 2,217,364 | 1,688,078 | 1,365,930 | 1,175,274 | 1,068,435 | 930,049 | 640,256 | 497,054 |
| Capital work-in-progress | 7,183 | 21,391 | 637,533 | 368,745 | 55,893 | 40,934 | 31,544 | 67,086 | 6,863 | 188,887 |
| Net current and other assets | 1,461,465 | 1,617,564 | 1,673,556 | 1,382,448 | 565,936 | 275,851 | 311,710 | 373,619 | 187,917 | 109,897 |
| Total assets employed | 4,081,569 | 4,430,295 | 4,528,453 | 3,439,271 | 1,987,759 | 1,492,059 | 1,411,689 | 1,370,754 | 835,036 | 795,838 |
| Financed by | | | | | | | | | | |
| Paid up capital | 357,893 | 318,127 | 284,042 | 284,042 | 284,042 | 259,461 | 247,105 | 224,641 | 187,201 | 170,183 |

| | | | | | | | | | | |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Reserves | 1,338,716 | 1,194,192 | 1,137,892 | 984,389 | 869,576 | 649,561 | 452,767 | 373,415 | 251,415 | 206,297 |
| Shareholders' equity | 1,696,609 | 1,512,319 | 1,421,934 | 1,268,431 | 1,153,618 | 909,022 | 699,872 | 598,056 | 438,616 | 376,480 |
| Long-term & deferred liabilities | 2,384,960 | 2,917,976 | 3,106,519 | 2,170,840 | 834,141 | 583,037 | 711,817 | 772,698 | 396,420 | 419,358 |
| Total funds invested | 4,081,569 | 4,430,295 | 4,528,453 | 3,439,271 | 1,987,759 | 1,492,059 | 1,411,689 | 1,370,754 | 835,036 | 795,838 |
| Sales to third parties | 3,512,272 | 3,154,006 | 3,022,437 | 1,339,595 | 2,330,688 | 2,046,489 | 1,737,832 | 1,512,063 | 1,316,027 | 1,071,454 |
| Materials consumed | 1,074,792 | 1,077,569 | 1,083,102 | 442,081 | 699,220 | 631,015 | 535,745 | 507,488 | 459,108 | 434,479 |
| Employees' remuneration | 332,943 | 296,783 | 280,760 | 129,354 | 234,050 | 219,050 | 189,182 | 167,985 | 155,965 | 125,135 |
| Operating profit | 370,745 | 267,251 | 344,218 | 198,633 | 379,046 | 357,812 | 341,309 | 274,435 | 242,635 | 155,025 |
| Profit before tax | 162,753 | 110,684 | 195,257 | 209,335 | 332,084 | 304,144 | 267,723 | 231,665 | 197,661 | 115,623 |
| % of net sales | 4.63 | 3.51 | 6.46 | 15.63 | 14.25 | 14.86 | 15.41 | 15.32 | 15.02 | 10.79 |
| % of average assets employed | 3.82 | 2.47 | 4.90 | 7.71 | 19.09 | 20.95 | 19.24 | 21.01 | 24.24 | 15.48 |
| Profit after tax | 220,079 | 90,385 | 153,503 | 150,318 | 238,783 | 224,744 | 175,948 | 128,228 | 108,936 | 66,869 |
| Cash dividend | 35,789 | - | - | 35,505 | 71,010 | 64,865 | 74,132 | 56,160 | 46,800 | 38,291 |
| Cash dividend % | 10 | - | - | 12.50 | 25.00 | 25.00 | 30.00 | 25.00 | 25.00 | 22.50 |
| Stock dividend | 53,684 | 39,766 | 34,085 | - | - | 19,459 | - | 22,464 | - | 17,018 |
| Stock dividend % | 15.00 | 12.50 | 12.00 | - | - | 7.50 | - | 10.00 | - | 10.00 |
| Earnings per share - rupees | 6.15 | 2.84 | 5.40 | 5.29 | 8.41 | 8.66 | 7.12 | 5.71 | 5.82 | 3.93 |
| Taxes, duties and levies | 692,929 | 852,397 | 894,451 | 449,434 | 666,630 | 592,792 | 453,800 | 443,534 | 304,362 | 267,516 |