

PHILIPS Electrical Industries of Pakistan Limited

(Annual Report 1996)

"Our aim is to bring out the best in people, to set them a challenge and to make Philips an organisation with a promising future, an organisation full of confidence."

Cor Boonstra, October 1996

"Our task now is to make the organisation more transparent, flexible and responsive. To define business responsibilities even more precisely, to continue to structure the organisation around businesses... the driving forces of the company."

Shareholders' meeting,
Amsterdam, March 21, 1997.

Cor Boonstra

President & Chairman

Philips Electronics N.V., The Netherlands.

Key Data

	Rs in millions	Rs in millions
Sales	3,365	2,666
Operating Profit	224	280
Profit before Taxation	103	196
Taxation	28	74
Profit after Taxation	76	122
Dividend - Cash %	40	75
Bonus Issue %	10	-
Paid-up Capital	119	119
Shareholders' Equity	420	393
Earning per share	6.40	10.30
Number of Employees	1,045	1,048

Board of Directors

Syed Naseem Ahmad
Rafiq M. Habib
Nizam A. Shah
Hakimullah Siddiqui
S.W. Plokker
Razi-ur-Rehman Khan
Javed Iqbal

Bankers

ABN Amro Bank
American Express Bank Ltd
ANZ Grindlays Bank
Bank of America
Citibank N.A.
Emirates Bank International Ltd
Habib Bank Ltd

Hong Kong and Shanghai Banking Corp.
Muslim Commercial Bank
National Bank of Pakistan
Standard Chartered Bank

Management Team

Syed Naseem Ahmad
Javed Iqbal
M. Kamil Shahbazkar
M. Farooq Farooqi
Jalees A. Siddiqui

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Chairman s Review

During 1996, a growth of 26% in total company Sales was witnessed, from Rs. 2.67 Billion in 1995 to Rs. 3.36 Billion. Almost 15% of the increase was achieved through volume increases, resulting from the Company's policy of selective diversification and product line extension. However, operating Profit decreased to Rs. 224 Million against Rs. 280 Million of last year, as difficult economic conditions prevailed in the country.

Economic policies generally lacked consistency in 1996, thus rendering long-term business planning practically unreliable. Changes in policies ostensibly devised in pursuance of macro-economic and structural reforms, were aimed primarily at meeting IMF and World Bank conditionalities, such as a reduction in budget deficit to 4% of GDR. The result was that Duty exemptions and Subsidies were withdrawn, even from areas where local industry merited a degree of protection, and Indirect Taxes were enhanced. Sales Tax was virtually doubled on some products, Excise Duty was imposed on imported goods, Custom Duties were increased, and Regulatory Duty continued to be imposed across the board.

The above factors had an adverse impact on the economy, with inflation averaging above 15% during the year, and the rupee being devalued almost 17%. As only a part of the increase in costs could be passed on to Consumers, profitability suffered. Also, as disposable incomes declined, the economy slowed down specially during the latter half of the year. Inventories and receivables remained high through most of the year, and financial costs soared as a result.

In addition, the market for Consumer

Electronics remained exposed to lower-priced international brands, brought in via irregular channels. Meanwhile, as the government deferred its decision to lower the maximum tariff to 35% as had been indicated earlier, smuggled products continued to thrive, particularly at the expense of locally manufactured brands like Philips.

Lighting

The Company successfully maintained its leadership in Lighting, despite adverse economic conditions mentioned earlier. An impressive 27% growth in Sales was recorded during 1996, as compared to last year. This was possible largely on account of improved Customer Service, and our ability to offer Quality products at competitive prices. During the year, a major Sports Lighting project was completed at the Gaddafi Stadium in Lahore, in time for the 1996 World Cup. Future Lighting strategy is aimed at consolidating market share gains in a larger section of the population.

Despite strong performance in Sales, Profits declined by about 10% compared to last year. This was largely due to higher cost of production, as Tube Lights and Energy Savers were subjected to Sales Tax in addition to Regulatory Duty. However, cost reduction measures, including alternate sourcing, were implemented.

Consumer Electronics

Sales of the Product Division recorded a growth of 29% as compared to 1995, of which 25% is attributable to volume increases, resulting from the Company's continuing policy of selective diversification in Audio and Video products, such as VCP/VCR and portable Stereo Systems. Another significant addition in the Consumer Electronics product portfolio was PC Monitors, which made an impressive entry into the market in 1996.

Profit pressures however remained, even in the Consumer Electronics area, specially during the latter half of the year. Overall, profits were lower by about 25% compared to last year. Products of this division were also subjected to higher Sales Tax and Customs Duty.

Afghan Transit Trade, continued to dampen our growth in market share, as lower priced products such as Televisions, Audio and Video equipment arrived from time to time in the market. It is our apprehension, that the opening of the "green channel" by the newly elected Government, will have a severe, negative

impact on Consumer Electronics manufacturing activity, unless the facility is strictly monitored and judiciously administered.

Major Domestic Appliances

Within this Product Division, the Company continued to follow a policy of optimal use of plant capacity, supplemented by imports of finished Refrigerators to meet market demand.

In terms of Sales, Major Domestic Appliances increased by about 22% of which nearly 10% came from volume growth. Operating Profits meanwhile slipped by 22%, as higher Sales Tax and additional charge of Excise Duty were applied on Refrigerators.

Keeping in line with our policy to offer better and more innovative products, introduction of more contemporary models, with "Curved-door" design feature, and more durable VCM coating was effected during the year. Further extension in product line is being considered during 1997.

Other Activities

This sector covers the activities of Small Domestic Appliances & Personal Care (DAP) products, Professional Systems, Medical Systems and After Sales Service.

DAP activities have shown improvements during 1996, in top and bottom-line performance through effective and innovative marketing. This is despite severe competition from imports through irregular channels including "Baggage" scheme and Afghan Transit Trade.

These goods are available in the market at much lower prices than their counterparts brought in through official trade channels, with full payment of Duties and Taxes.

Continued imposition of Regulatory Duty and high Tariffs sharply cut into the division's profits for the year under review, as well as restricted business expansion. DAP products are also threatened by the opening of the "green channel", which will have a negative impact on this activity.

The Professional Systems and Medical Systems business, being project-based, require high-calibre manpower, and are largely dependent on the availability of development budgets/funds. The company, as a policy focuses on major projects in this area, and maintains close liaison with specifiers and project consultants. Paucity

of development funds/Government grants, has resulted in a stagnant business scenario in these products in 1996, with profits further impacted by the restructuring of the Medical Division.

To provide effective "After Sales Service", for which your Company has a strong reputation, we maintain a network of centres in all major cities and towns. "After Sales Service" attends to an essential need of the Customer, and is undoubtedly a potential area for growth.

The Company and the Shareholders

It is matter of great privilege for our investors, that the Company has been offered the coveted Karachi Stock Exchange (KSE) Award for 1995, this year. This award for the top twenty-five companies, recognises the Company's resolve for improved financial and operational performance, and for surpassing planned Sales targets.

As mentioned earlier, Operating Profit for 1996 amounted to Rs. 224 Million versus Rs. 280 Million in the previous year. Profit after Tax was lower at Rs. 76 Million as against Rs. 122 Million in 1995. Lower profits resulted from an increase in financial charges on account of higher inventories and receivables. Average borrowings thus remained high, and were further impacted by an increase in borrowing rates during the year.

At year-end, however, the situation with regard to Inventories and Receivables improved considerably. Earnings per share (EPS) amounted to Rs. 6.40 (1995:Rs. 10.30).

The Board of Directors propose for your approval, payment of Final Dividend of 15%, in addition to interim Dividend of 25% already paid, thus making a total Dividend of 40% for the year under review, and the issuance of one Bonus Share for every ten shares held, out of the share premium account. The Board also recommends transfer of Rs. 27 Million to General Reserve.

Profit and proposed appropriation for the year are as follows:

Profit before providing for taxation		103,110
Profit for taxation:		
Current - for the year	45,808	
'- for prior years	(13,251)	
Deferred - for the year	(4,986)	27,571
Profit after tax		75,539

Adding hereto unappropriated

profit brought forward		969
Profit available for appropriation		76,508
Appropriation recommended:		
General Reserve	27,000	
Capital Reserve for tax on issue of bonus shares	1,188	
Interim Dividend declared (25%)	29,698	
Proposed final Dividend	17,819	75,705
Unappropriated profit carried forward		803

Human Resources

Human Resource is the key strategic weapon that ensures our competitive edge. Despite adverse political environment, specially in Karachi, early in the year, our employees cooperated fully to achieve laudable results in 1996. The Board is grateful for the strength derived from the efforts of all employees. Your Company management signed a two-year agreement with the Union during 1996, in an atmosphere of cordiality and mutual respect.

Realising that human resource development is a pivotal determinant of success, the Company continued it's efforts towards development and training of employees at all levels, both within and outside of the organization, for facing the challenges of an increasingly competitive business environment.

Employee Motivation

Results of the Employee Motivation Survey, conducted by an international consulting firm, were very encouraging, and substantiated our efforts to maintain a conducive working environment, and achieve Philips' Five Corporate Values - the guiding principles of your Company.

200

150

Social Responsibilities

As a good corporate citizen, your Company continued to contribute towards social welfare projects largely through institutions like the Layton Rahmatullah Benevolent Trust, Child Aid Association and a few others. We also contributed towards conservation of the Environment, by providing support to organizations like the World Wide Life Fund.

Philips Quality Programme

To keep pace with the ever-increasing demand from Consumers, for Quality products and services, your Company has devised a comprehensive Quality Programme, aimed at inculcat-

ing Customer orientation, a more positive and proactive pattern of behaviour, which would enable us to maintain pace with the changing business scenario.

During the year under review, the principles of Philips Quality Programme were translated into reality by bringing all six Lighting factories under the purview of ISO 9000, and extending it's scope to S&V and other areas. The final objective remains that of improving the Quality standards in all areas of the business, to be able to qualify for the coveted Philips Quality Award (PQA 90), within a specified time frame, and to build Philips into a "Winning Company".

Auditors

The retiring auditors A.F. Ferguson & Co., being eligible, offer themselves for reappointment.

Pattern of Shareholding

A statement of the pattern of shareholding as at December 31, 1996 is shown on page 47 of this report. Philips Electronics N.V. (formerly N.V. Philips Gloeilampenfabrieken) Eindhoven, The Netherlands, continues to hold 60% of the Company's shares.

Future Outlook

Your Company intends to maintain it's policy of dynamic growth and selective diversification, in areas where sustained, long-term profitability is expected. Philips' strength in the Quality of it's products, people and it's enduring Customer goodwill, shall be fully utilised to improve profitability. This optimism is based on the following assumptions and recommendations made to the Government directly or through various forums:

- Adequate protection to local industry whilst lowering Tariff rates,
- Rationalization of Tariff structure in the context of Sales tax, Excise Duty and such other Levies,
- Removal of Regulatory Duty,
- Effective control on Irregular trade either through the "green channel" or Afghan Transit Trade.

These measures would not only contribute towards improved profitability for business, but attract further investment in the country, which is undoubtedly our most pressing need.

On behalf of the Board of Directors.

Sd/-

Syed Naseem Ahmad
Chairman & Managing Director

Karachi: March 25, 1997

Auditors' Report to the Members

We have audited the annexed balance sheet of Philips Electrical Industries of Pakistan Limited as at December 31, 1996 and the related profit and loss account and cash flow statement, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

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

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and Cash flow statement, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and

fair view of the state of the Company's affairs as at December 31, 1996 and of the profit and cash flows for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A.F. Ferguson & Co.
Chartered Accountants

Karachi: March 25, 1997

Balance Sheet as at December 31, 1996

	Note	1996	1995
		(Rupees in thousands)	
SHARE CAPITAL AND RESERVES			
Authorised capital			
16,000,000 ordinary shares of Rs. 10 each		160,000	160,000
		=====	=====
Issued, subscribed and paid-up capital	3	118,792	118,792
Reserves	4	300,995	272,697
Unappropriated profit		803	969
		-----	-----
		301,688	273,666
		-----	-----
		420,480	392,458
SURPLUS ON REVALUATION OF FIXED ASSETS	5	65,935	65,935
REDEEMABLE CAPITAL	6	150,000	33,334
DEFERRED LIABILITIES			
Provision for staff retirement benefits		19,762	15,947
OBLIGATION UNDER FINANCE LEASES	7	1,637	3,317
CURRENT LIABILITIES AND PROVISIONS			
Short-term finances under mark-up arrangements	8	265,563	257,101
Short-term loans	9	157,200	101,010
Current maturity of- redeemable capital	6	83,334	33,333
- obligation under finance leases	7.3	1,680	11,999
Creditors, accrued and other liabilities	10	338,290	388,772
Provision for turnaround expenses	11	5,400	10,935
Taxation		-	47,246
Proposed dividend		17,819	59,396
		-----	-----
		869,286	909,792
CONTINGENCIES AND COMMITMENTS	12	-----	-----
		1,527,100	1,420,783
		=====	=====

(Rupees in thousands)

TANGIBLE FIXED ASSETS

Operating assets	13	184,271	19,952.50
Capital work-in-progress	14	25,206	10,459
		-----	-----
		209,477	209,984
LONG-TERM INVESTMENTS	15	9,680	16,500
LONG-TERM LOANS AND ADVANCES	16	16,441	15,193
LONG-TERM DEPOSITS		8,325	9,225
DEFERRED TAXATION	17	5,371	385
CURRENT ASSETS			
Stores and spares	18	30,229	20,537
Stock-in-trade	19	742,126	685,199
Trade debts	20	268,489	231,642
Deposits and short-term prepayments	21	81,451	83,460
Other receivables	22	85,687	94,763
Taxation		21,944	-
Cash and bank balances	23	50,910	53,895
		-----	-----
		1,277,806	1,169,496
		-----	-----
		1,527,100	1,420,783
		=====	=====

The annexed notes form an integral part of these accounts.

Profit and Loss Account for the year ended December 31, 1996

	Note	1996	1995
(Rupees in thousands)			
Sales	24	3,364,680	2,666,184
Cost of sales	25	2,699,954	2,027,970
		-----	-----
Gross profit		664,726	638,214
Selling and administrative expenses	26	440,781	357,916
		-----	-----
Operating profit		223,945	280,298
Other income	27	6,608	4,799
		-----	-----
		230,553	285,097
Financial charges	28	109,626	65,461
Other charges	29	17,817	23,768
		-----	-----
		127,443	89,229
		-----	-----
Profit before taxation		103,110	195,868
Taxation	31	27,571	74,372
		-----	-----
Profit after taxation		75,539	121,496
Unappropriated profit brought forward		969	567
		-----	-----
Available for appropriation		76,508	122,063
Appropriations:			
Interim dividend Rs. 2.50			
(1995: Rs. 2.50) per share		29,698	29,698
Proposed final dividend Rs. 1.50			

(1995: Rs. 5.00) per share	17,819	59,396
Transfer to - general reserve	27,000	32,000
- capital reserve for tax		
- on issue of bonus shares	1,188	-
	75,705	121,094
Unappropriated profit carried forward	803	969
	=====	=====

The annexed notes form an integral part of these accounts.

Cash Flow Statement for the year ended December 31, 1996

	Note	1996	1995
(Rupees in thousands)			
Cash flow from operating activities			
Cash generated from operations	32	110,816	141,994
Staff retirement benefits paid		(787)	(147)
Financial charges paid		(101,757)	(63,165)
Taxes paid		(101,747)	(65,637)
		-----	-----
Net cash (outflow)/inflow from operating activities		(93,475)	13,045
Cash flow from investing activities			
Fixed capital expenditure		(40,814)	(37,793)
Sale proceeds of fixed assets		1,330	202
Long-term deposits -net		900	14,498
Long-term loans and advances -net		(1,248)	(8,082)
		-----	-----
Net cash (outflow) from investing activities		(39,832)	(26,175)
Cash flow from financing activities			
Proceeds from redeemable capital less repayments		166,667	(33,333)
Repayment of obligation under finance leases		(11,999)	(15,044)
Short-term loans less repayments		56,190	37,450
Dividends paid		(88,998)	(78,174)
		-----	-----
Net cash inflow/(outflow) from financing activities		121,860	(89,101)
		-----	-----
Net (decrease) in cash and cash equivalents		(11,447)	(102,231)
Cash and cash equivalents at the beginning of year		(203,206)	(100,975)
		-----	-----
Cash and cash equivalents at the end of year	33	(214,653)	(203,206)
		=====	=====

The annexed notes form an integral part of these accounts.

Notes to the Accounts for the year ended December 31, 1996

1. Legal status and operations

The Company is a public company incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984). Its shares are quoted on Karachi and Islamabad Stock Exchanges and is principally engaged in the production and sale of electrical and electronic goods.

2. Significant accounting policies

2.1 Accounting convention

These accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

2.2 Staff retirement benefits

The company operates defined benefit funded pension and gratuity schemes for its management employees. The scheme provides life pension to employees and thereafter to their spouse or dependent children. Contributions are made annually to these funds on the basis of actuarial recommendations at the rate of 14.5% of basic salary for pension and at the rate of 8.33% of basic salary for gratuity. Based on the latest actuarial valuation of the pension scheme and gratuity scheme as at December 31, 1996, carried out once in every three years, the fair value of the pension fund's assets and liabilities were Rs. 50.395 million and Rs. 84.227 million whereas the fair value of the gratuity fund's assets and liabilities were Rs. 46.593 million and Rs. 84.768 million respectively. The future contribution rates of these schemes include allowances for deficit. Further, an additional provision at the rate of 3.5% of basic salary is also being made in respect of gratuity.

The Company also operates an unfunded supplemental gratuity scheme for unionised staff. Provisions are made in the accounts to cover obligations on the basis of actuarial recommendations. Based on the latest actuarial valuation as at December 31, 1996, carried out once in every three years, the actuarial liability amounted to Rs. 12.281 million.

Projected unit credit method, using following significant assumptions, is used for valuation of the above mentioned funded as well as unfunded schemes:

- Expected rate of increase in salaries 11% p.a. plus merit increases.
- Expected rate of interest on investment 12% per annum.

The Company also operates a defined contribution provident fund for its employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic pay.

2.3 Taxation

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

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

2.4 Tangible fixed assets and depreciation

Operating fixed assets are stated at cost less accumulated depreciation except leasehold land and buildings thereon which are stated at revalued amounts and subsequent additions thereto at cost less accumulated depreciation. Capital work-in-progress is stated at cost.

Items of fixed assets costing Rs. 10,000 or less individually are not capitalized and are charged off in the year of purchase.

Depreciation is charged to income applying the straight-line method whereby the asset is written off over its estimated service life. Depreciation on additions is charged from the month in which it is put to use and on deletions upto the month of deletions.

Gains and losses on disposals are taken to income currently.

Maintenance and repairs are charged to income as and when incurred. However, as the furnace used for glass production is required to be shut down for renewal, overhaul and replacement of parts after varying periods of use, the cost of such

turnaround including overhead expenses are accrued over such periods.

2.5 Long term investments

These are stated at cost except where a permanent diminution in value is deemed to have occurred in which case their cost is appropriately reduced.

2.6 Stores and spares

These are valued at weighted average cost with the exception of stores relating to consumer electronics activities which are valued on first-in-first-out basis. The value of slow moving items is appropriately reduced. In addition adequate provision is made for the items which are likely to become obsolete.

2.7 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value, Cost has been arrived at on first-in-first-out basis. Cost in relation to work-in-process and manufactured goods include direct material, wages and applicable manufacturing overheads. Cost of goods-in-transit reflects the purchase price only.

Net realisable value is determined by considering the prevailing selling prices in the ordinary course of business less costs necessarily to be incurred to make the sale.

2.8 Foreign currencies

Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange approximating to those ruling at the balance sheet date except where forward exchange contracts have been entered into for repayment of loans in which case the rate contracted for is used and where the repayment of a foreign currency loan will be made in rupees at a rate of exchange guaranteed by the State Bank of Pakistan in which case the guaranteed rate of exchange is used. Any foreign currency bank balances arising out of the proceeds of a foreign currency loan whose repayment is to be made at a rate of exchange guaranteed by the State Bank of Pakistan are also translated at the guaranteed rate of exchange. Exchange gains and losses are included in income currently except those arising on translation of liabilities for goods in transit which are reflected in the value of the underlying items.

2.9 Revenue recognition

Sales are recorded on dispatch of goods.

2.10 Mark-up on long-term finance and finance charge under the lease agreements

Mark-up on long-term finance and finance charge under lease agreements are allocated to the deferred payment period so as to produce a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

	Note	1996	1995
(Rupees in thousands)			
3. Issued, subscribed and paid-up capital			
8,130,750	ordinary shares of Rs. 10 each fully paid in cash	81,307	81,307
3,745,425	ordinary shares of Rs. 10 each issued as fully paid bonus shares	37,455	37,455
3,000	ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	30	30
-----		-----	-----
11,879,175		118,792	118,792
=====		=====	=====

At December 31, 1996, 7,127,505 (1995: 7,127,505) ordinary shares of the Company were held by Philips Electronics N.V. Eindhoven, The Netherlands.

4. Reserves

Capital		
Share Premium:		
At January 1	43,197	43,197
Transfer to reserve for issue of bonus share	(11,879)	-
	-----	-----
At December 31	31,318	43,197
Reserve for issue of bonus shares		
At January 1	-	10,799
Transfer from:		
- Share premium	11,879	-
- Profit and loss account for tax on issue of bonus shares	1,188	-
	-----	-----
	13,067	10,799
Bonus shares issued during the year		
	-	(10,799)
	-----	-----
At December 31	13,067	-
	-----	-----
	44,385	43,197
Revenue		
General Reserve		
At January 1	227,000	195,000
Transfer from profit and loss account		
	27,000	32,000
	-----	-----
At December 31	254,000	227,000
Self insurance reserve		
At January I and December 31	2,500	2,500
	-----	-----
	256,500	229,500
	-----	-----
	300,885	272,697
	=====	=====

5. Surplus on revaluation of fixed assets

At January 1 and December 31	65,935	65,935
	=====	=====

The above represents surplus over book value produced by revaluations of certain fixed assets referred to in note 13.2.

6. Redeemable capital - secured

Long-term finance utilised under mark-up arrangements		
Emirates Bank International Limited (EBIL) -I		
	33,334	66,667
-II	50,000	-
The Hongkong and Shanghai Banking Corporation Limited (HSBC)		
	50,000	-
ANZ Grindlays Bank plc (ANZ) -I		
	50,000	-
-II	50,000	-
	-----	-----
	233,334	66,667

Less: Current maturity shown under current liabilities	83,334	33,333
	-----	-----
	150,000	33,334
	=====	=====

6.1 The particulars of the above long term finances are as follows:

	Sale Price	Purchase Price	Prompt Payment Rebate	Rate of Mark-up per annum	Repayment Number	Commencing from
-----Rupees in thousand-----						
EBIL '-I	100,000	134,964	6,993		16% six half year	March 25, 1995
'-II	50,000	64,795	2,959		16% lumpsum	December 2, 1997
HSBC	50,000	66,500	4,500		16% lumpsum	January 15, 1998
ANZ - I	50,000	65,000	7,250	15.50%	lumpsum	February 20, 1998
'-II	50,000	65,000	7,000		16% lumpsum	May 20, 1998

6.2 The above finances are secured by mortgage, ranking pari passu, by deposit of title deeds on the Company's immovable property at F-54, SITE including machineries installed therein.

6.3 In view of the substance of the transaction, sale and repurchase of assets referred above and in note 8. I has not been recorded as such in the books.

1996	1995
(Rupees in thousands)	

7. Obligation under finance leases

Atlas BOT Lease Company Limited (note 7. I)	1,637	3,317
	=====	=====

7.1 The Company entered into a lease agreement with Atlas BOT Lease Company Limited in 1994, for a period of four years, in the amount of Rs. 6.629 million for financing moulds and dies of refrigerators. Quarterly lease payments include a finance charge of 20.39 percent per annum, which is used as a discounting factor.

7.2 During the year, the Company repaid the last instalments of lease agreements with Standard Chartered Mercantile Leasing Company Limited and Askari Leasing Limited pertaining to computer system and glass furnace respectively.

7.3 The amount of future payments for the above lease and the period in which these payments will become due are:

Year to December 31, 1996	-	13,948
Year to December 31, 1997	2,233	2,233
Year to December 31, 1998	1,779	1,779
	-----	-----
	4,012	17,960
Less: Finance charges not due	695	2,644
	-----	-----
	3,317	15,316
Less: Current maturity shown under current liabilities	1,680	11,999
	-----	-----

1,637 3,317
 ===== =====

8. Short-term finances under mark-up arrangements - secured

Finances utilised under mark-up arrangements from banks (note 8.1)

265,563 257,101
 ===== =====

8.1 The Company has arranged short-term running finances from various banks on mark-up basis. Under these arrangements the Company can avail finances aggregating upto Rs. 503 million (1995: Rs. 408 million) which represent the aggregate 'sale price' of all mark-up agreements with a corresponding 'purchase price' of Rs. 618.6 million (1995: Rs. 500.9 million). The rate of mark-up on these finances range from 0.5479 to 1.0940 (1995:0.5205 to 0.8752) per Rs. 1,000 per diem or part thereof on the price outstanding. The prompt payment rebate ranging from 0.1575 to 0.7104 (1995: 0.0679 to 0.5190) per Rs. 1,000 per diem where due under these agreements, is based on the payment of 'purchase price' by the dates specified in the agreements. The 'purchase price' of the agreements are payable during the period from January 1, 1997 to December 31, 1997. The finances under mark-up arrangements are secured by way of pari passu charges against hypothecation of Company's stock-in-trade and trade debts.

8.2 The facility for opening letters of credit and guarantees as at December 31, 1996 amounted to Rs. 1,117.6 million (1995: Rs. 957.85 million) of which the amount remaining unutilised at year end was Rs. 734.6 million (1995: Rs. 480.32 million).

9. Short-term loans - unsecured

Lender	Interest	Repayment	1996 (US Dollars in thousands)	1995	1996 (Rupees equivalent in thousands)	1995
The Sakura Bank Limited, Dusseldorf	0.5% above 6 months LIBOR	March 4, 1997	1,000	1,000	39,290	35,370
- do -	- do -	- do -	2,000	2,000	75,640	65,640
- do -	1.0% above 6 months LIBOR	April 22, 1997	1,000	-	42,270	-
					----- 157,200	----- 101,101
					=====	=====
			1996	1995		
			(Rupees in thousands)			

10. Creditors, accrued and other liabilities

Creditors	117,180	127,895
Accrued liabilities	127,253	144,556
Accrued interest on short-term loans	2,948	1,786
Accrued mark-up on Short-term finances	11,982	10,622
Long-term finance	8,269	2,827
Accrued finance charge on obligation under finance leases	58	153
Workers' profits participation fund (note 10.1)	5,682	10,686
Dealers' security deposits	10,931	10,149

Sales tax payable	-	12,158
Advances from customers	38,417	45,937
Workers' welfare fund	6,170	8,069
Payable to - provident fund	510	962
- pension fund	-	5,372
- gratuity fund	516	980
Retention money	22	26
Unclaimed dividends	829	733
Corporate assets tax	2,000	2,000
Others	5,523	3,861
	-----	-----
	338,290	388,772
	=====	=====

10.1 Workers' profits participation fund		
Balance at the beginning of the year	10,686	8,109
Interest on funds utilised in the Company's business	2,228	1,654
Allocation for the year	5,682	10,659
Less: Amount paid during the year	(12,914)	(9,736)
	-----	-----
Balance at the end of the year	5,682	10,686
	=====	=====

10.2 Amount due to associated undertakings at year end aggregated Rs. 80.103 million (1995: Rs. 68.594 million).

11. Provision for turnaround expenses

Movement in and composition of turnaround expenses is as follows:
Provision for standstill costs

Furnace		
At January 1	4,595	2,240
Provision during the year	502	2,355
Cost incurred	(4,697)	-
	-----	-----
	400	4,595
Provisions for repairs and overhaul		
Furnace		
At January 1	6,340	3,804
Provision during the year	21,246	2,536
Cost incurred	(22,586)	-
	-----	-----
	5,000	6,340
	-----	-----
	5,400	10,935
	=====	=====

12. Contingencies and commitments

12.1 Commitments

(a) Capital expenditure contracted for but not incurred amounted to Nil (1995: Rs. 3.0 million).

Commitments for rentals under operating lease agreements in respect of vehicles and machinery are as follows:

Year		
1996	-	8,803
1997	8,831	6,829

1998	7,152	4,656
1999	4,295	599
2000	1,255	-

13. Operating assets

13.1 The following is a statement of operating assets:

	Cost or valuation at January 1, 1996	Additions/ (deletions) *Transfer	Cost or valuation at December 31, 1996	Accumulated depreciation at January 1, 1996	Depreciation charge for the year/ (deletions) *Transfer	Accumulated depreciation at December 31, 1996	Net book value at December 31, 1996	Annual rate of depreciation %
	(Rupees in thousands)							
Leasehold land (factory)	23,632	-	23,632	2,046	236	2,282	21,350	1
Building on leasehold land (factory)	78,514	450	78,964	41,547	3,601	45,148	33,816	2-10
Leasehold land and building								
- Office & others	4,140	-	4,140	2,887	201	3,088	1,052	5-10
- Factory	24,823	-	24,823	7,484	1,126	8,745	16,078	5
Electric installations	11,903	-	11,903	7,310	511	7,821	4,082	5-20
Plant and machinery	324,399	6,262 *20,000 (966)	349,695	259,264	21,055 *9,321 (955)	288,685	61,010	10-33
Factory equipment	13,082	739 (30)	13,791	7,652	1,234 (28)	8,858	4,933	10-25
Office machines and equipment	56,646	17,352 *5,861 (722)	79,137	27,733	10,578 *3,809 (396)	41,724	37,413	7-20
Motor vehicles	3,906	1,264 (424)	4,746	1,955	691 (371)	2.28	2.47	20
Under finance lease:								
- Plant and machinery	26,629	*(20,000)	6,629	12,323	1,561 *(9,321)	4,563	2,066	10-33
- Office machines	5,861	*(5,861)	-	3,809	*(3,809)	-	-	14-20
	573,535	26,067 (2,142)	597,460	374,010	40,929 (1,750)	413,189	184,271	
1995	551,375	22,560 (400)	573,535	316,212	58,058 (260)	374,010	199,525	

3.2 The date and amount of revaluation included in the net book value of certain Fixed

assets as at December 31, 1996 is given below:

	Leasehold land (factory)	Building on leasehold land (factory)	Total
(Rupees in thousands)			
a) At December 31, 1980			
Revaluation increment	4,838	13,913	18,751
Less: Depreciation thereon	771	11,133	11,904
	-----	-----	-----
	4,067	2,780	6,847
	-----	-----	-----
b) At January 1, 1990			
Revaluation increment	17,720	29,464	47,184
Less: Depreciation thereon	1,240	10,313	11,553
	-----	-----	-----
	16,480	19,151	35,631
	-----	-----	-----
	20,547	21,931	42,478
	=====	=====	=====
1995	20,773	24,101	44,874
	=====	=====	=====

13.3 Moulds and dies for manufacture of components of certain products costing Rs 55.25 million included in plant and machinery are held by M/s Ali Brothers Engineering, M/s Lumengineering, M/s. Dicom Industries Ltd. and M/s Blowplast (Pvt) Ltd., who, under an arrangement with the Company, use these moulds for manufacturing the components for the Company.

13.4 Details of assets deleted during the year including items sold by negotiation:

Cost	Accumulated depreciation	Net book value	Sale proceeds	Particulars of buyers
(Rupees in thousands)				
Office machines and equipment	22	9	13	15\$. Nayyar Yasin (Ex-Executive)
	20	5	15	17Mr. Saleem Sufi (Ex-Executive)
	22	16	6	11Mr. Muzaffar Ali Khan Nazish (Ex-Executive)
	20	6	14	16Mr. Sohail Kamal (Ex-Executive)
	14	4	10	11 -do-
	23	1	22	22Mr. Khawar Abbas (Ex-Executive)
	34	6	28	28Mr. F.H. Saifee (Ex-Executive)
	22	4	18	19Mr, S. Saleemuddin Ahmed

(Ex-Executive)

	14	4	10	12	-do-
	34	8	26	26	-do-
	21	11	10	14	Mr. S. Ather O. Bukhari (Ex-Executive)
	12	6	6	8	-do-
	23	4	19	21	Mr. S. Anis Ahmad (Executive)
	13	2	13	13	-do-
Office machines and equipment	21	12	9	14	Mr. Khalid Ali (Ex-Executive)
	12	7	5	8	-do-
	26	3	23	24	Mr. Najeeb Agrawala (Ex-Executive)
	17	2	15	15	-do-
	28	14	14	15	Mr. Jalees Siddiqi (Executive)
	35	30	5	38	Gestetner (Private) Ltd. I.I. Chundrigar Road, Karachi.
	47	31	16	50	-do-
Items with book value below Rs. 5,000	240	211	29	160	
	722	396	326	557	
Factory Equipment Items with book value below Rs 5,000	30	28	2	36	
Plant & Machinery items with book value below Rs. 5.000	966	955	11	175	
Motor Vehicles	55	3	52	54	Royal Insurance Company MR. Kayani Road, Karachi. (Insurance claim)
Items with book value below Rs. 5,000	369	368	1	508	

424	371	53	562
-----	-----	-----	-----
2,142	1,750	392	1,330
=====	=====	=====	=====

1996 1995
(Rupees in thousands)

14. Capital work-in-progress

Plant and machinery	24,731	10,459
Advance to supplier	475	-
	-----	-----
	25,206	10,459

15. Long-term investments - at cost

Shifa International Hospitals Limited, quoted 2,200,000 (I 995: 2,200,000) ordinary shares of Rs 10 each Market value Rs. 9.68 million (1995: Rs. 16.5 million)	22,000	22,000
Less: Provision for diminution in value of investments	12,320	5,500
	-----	-----
	9,680	16,500
	=====	=====

16. Long-term loans and advances

	Current Portion		Long-term portion	
	1996	1995	1996	1995
	(Rupees in thousands)		(Rupees in thousands)	
Considered good, due from:				
- Executives	2,552	1,874	1,979	943
- Other employees	5,948	5,910	14,462	14,250
	-----	-----	-----	-----
	8,500	7,784	16,441	15,193
	=====	=====	=====	=====

(note 22)

The amount outstanding for period exceeding three years from:

- Executives	358	382
	=====	=====
- Other employees	185	515
	=====	=====

Loans and advances to executives and employees were given for house building and purchase of company products. These are repayable in equal monthly instalments varying from 33 to 102.

The maximum amount due from executives at the end of any month during the year was Rs 3.85 million (1995: Rs. 3.1 million).

1996 1995
(Rupees in thousands)

17. Deferred taxation

This is composed of the following:

Credit balance arising due to Accelerated depreciation allowance and finance lease rentals	(14,739)	(17,737)
--	----------	----------

Debit balances arising in respect of:

Provision for turnaround, spares obsolescence, staff retirement benefits and doubtful debts	20,110	18,122
	-----	-----
	5,371	385
	=====	=====

18. Stores and spares

Stores	5,497	4,884
Spares, including items in transit Rs 2.211 million (1995: Rs. 1.46 million)	27,725	18,646
Less: Provision for obsolescence	2,993	2,993
	-----	-----
	24,732	15,653
	-----	-----
	30,229	20,537
	=====	=====

19. Stock-in-trade

Raw materials, including goods-in-transit Rs 83.561 million (1995: Rs 86.712 million)	322,132	310,209
Work-in-process	14,389	14,658
Others	1,085	1,151
	-----	-----
	337,606	326,018

Finished goods including goods-in-transit Rs. 29.818 million (1995: Rs 33.772 million)	386,200	344,536
Service stocks including goods-in-transit Rs 0.915 million (1995:0.632 million)	18,320	14,645
	-----	-----
	404,520	359,181
	=====	=====
	742,126	685,199

20. Trade debts

Unsecured		
Considered good	265,459	231,642
Considered doubtful	14,497	14,704
	-----	-----
	279,956	246,346
Less: Provision thereagainst, net of amount written off Rs. 0.555 million (1995: Rs. 2.392 million)	14,497	14,704
	265,459	231,642

Deposits and short-term prepayments		
Trade deposits	6,265	14,826
Margin against letter of credit	9,034	4,264

Short-term prepayments	22,070	16,983
Prepaid customs duty	15,047	12,629
Sales tax and excise duty prepayments	28,008	33,193
Current account balances with statutory authorities	960	1,496
Others	67	69
	-----	-----
	81,451	83,460
	=====	=====

22. Other receivables-considered good

Current portion of long-term loans and advances - note 16	8,500	7,784
Advances to suppliers	37,189	51,425
Advances for reimbursable expenses - executives	2,261	375
- employees	738	1,515
Due from government		
Customs duty refundable	3,369	7,249
Value regulatory duty, octroi and other claims	14,877	14,053
	-----	-----
	18,246	21,302
Provision thereagainst	(13,208)	(10,336)
	5,038	10,966
Receivable from pension fund	4,905	-
Receivable from associated undertakings	19,958	20,077
Retention money	56	477
Receivable from a leasing modaraba	4,398	988
Others	2,644	1,156
	-----	-----
	85,687	94,763
	=====	=====

23. Cash and bank balances

With banks on current account	29,744	25,055
Inhand -cash	3,275	4,085
- cheques	1,524	11,392
	-----	-----
	4,799	15,477
Remittances in transit	16,367	13,363
	-----	-----
	50,910	53,895
	=====	=====

24. Operating Results

	Light		Consumer Electronics		Major Domestic Appliances		Other Activities		Total	
	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995
(Rupees in thousands)										
Sales	1,594,060	1,253,540	772,283	600,161	818,073	672,668	180,264	139,815	3,364,680	2,666,184
Cost of sales	1,202,100	885,206	658,775	482,128	670,359	544,018	168,720	116,618	2,699,954	2,027,970
(note-25)										

Selling & administrative expenses (note-26)	240,411	200,567	77,658	70,101	101,575	69,774	21,137	17,474	440,781	357,916
	1,442,511	1,085,773	736,433	552,229	771,934	613,792	189,857	134,092	3,140.74	2,385,886
Operating profit/(loss)	151,549	167,767	35,850	47,932	46,139	58,876	(9,593)	5,723	223,945	280,298

24.1 Inter-segment pricing

Transfers between business segments are recorded at cost.

24.2 Segment assets employed (%)

	31	31	29	29	29	29	11	11	100	100
--	----	----	----	----	----	----	----	----	-----	-----

25. Cost Of Sales

Opening stock of finished goods	108,719	81,688	92,043	30,998	102,387	65,276	56,032	39,638	359,181	217,600
Cost of goods manufactured (note-25.1)	675,516	502,979	404,580	374,285	380,293	337,611	-	-	1,460,389	1,214.88
Purchase goods	370,526	331,791	199,948	113,670	249,607	187,438	108,250	82,830	928,331	715,729
Sales tax	171,729	77,467	61,290	55,218	56,149	56,080	12,529	10,415	301,697	199,180
Inter-departmental transfers	-	-	-	-	-	-	54,876	39,767	54,876	39,767
	1,326,490	993,925	757,861	574,171	788,436	646,405	231,687	172,650	3,104,474	2,387,151
Less: Closing stock of finished goods	124,390	108,719	99,086	92,043	118,077	102,387	62,967	56,032	404,520	359,181
	1,202,100	885,206	658,775	482,128	670,359	544,018	168,720	116,618	2,699,954	2,027,970

	Light		Consumer Electronics		Major Domestic Appliances		Total	
	1996	1995	1996	1995	1996	1995	1996	1995

25.1 Cost of goods manufactured

Opening stock	126,912	74,507	88,837	53,714	110,269	73,521	326,018	201,742
Purchase materials	463,437	350,009	321,915	354,435	286,642	308,755	1,071,994	1,013,199
Excise duty	2,377	2,432	25,781	13,340	60,894	30,031	89,052	45,803
Salaries, wages and welfare cost (note 26.1)	110,069	82,872	25,424	22,334	34,677	29,977	170,170	135,183
Repairs and maintenance	10,470	9,736	2,431	2,181	5,729	4,823	18,630	16,740

Provision for turnaround

expenses (note- 11)	21,748	4,891	-	-	-	-	21,748	4,891
Stores and spares consumed	34,033	25,889	329	879	2,653	936	37,015	27,704
Technical assistance fee	-	-	-	-	949	1,253	949	1,253
Sales tax on own glass consumption	1,100	3,945	-	-	-	-	1,100	3,945
Fuel and power	45,904	39,68	436	502	5,601	4,897	51,941	45,078
Rent rates and taxes	538	191	94	90	177	112	809	393
Insurance	1,970	536	1,253	736	1,254	501	4,477	1,773
Depreciation	23,549	23,688	4,310	3,77	5,680	26,294	33,539	53,756
Other expenses	12,024	11,516	5,805	3.65	5,700	6,547	23,529	21,712
Provision for doubtful debts (written back) -others	-	-	(3,000)	7,488	4,900	-	1,900	7,488
Inter-departmental transfers	-	-	-	-	(54,876)	(39,767)	(54,876)	(39,767)
	854,131	629,891	473,615	463,122	470,249	447,880	1,797,995	1,540,893
Less: Closing stock	178,615	126,912	69,035	88,837	89,956	110,269	337,606	326,018
	675,516	502,979	404,580	374,285	380,293	337,611	1,460,389	1,214,875

	Light		Consumer Electronics		Major Domestic Appliances		Other Activities		Total	
	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995

26. Selling & Administrative Expenses

Salaries, wages and welfare cost (note 26. 1)	44,106	35,401	20,354	14,747	11,077	9,976	34,929	22,628	110,466	82,752
Direct selling expenses	67,206	78,726	10,749	11,737	18,040	10,147	3,585	1,623	99,580	102,233
Repairs and maintenance	2,125	1,607	1,012	717	704	575	1,245	999	5,086	3,898
Fuel and power	1,308	1,189	626	557	460	427	1,934	1,735	4,328	3,908
Real rates and taxes	4,902	3,846	2,347	1,803	1,698	1,329	1,664	1.10	10,611	8,081
Insurance	20	132	30	62	26	46	349	30	425	270
Publicity	39,728	21,595	17,606	14,502	12,646	13,914	6,833	3.15	76,813	53,164
Depreciation	3,437	2,017	1,601	900	1,158	664	1,194	721	7,390	4,302
Outward freight	44,810	26,765	5,623	6,536	16,864	11,629	2,078	1,036	69,375	45,966
Other expenses	28,167	29,289	11,526	11,754	7,687	6,619	8,007	766	55,387	48,428
Provision for doubtful debts(written back)										
-Trade	3,630	-	270	602	491	-	(4,043)	4,312	348	4,914
- Other	972	-	-	-	-	-	-	-	972	-
Services charged to other departments	-	-	5,914	6,184	30,724	14,448	(36,638)	(20,632)	-	-
	240,411	200,567	77,658	70,101	101,575	69,774	21,137	17,474	440,781	357,916

26.1 Salaries, wages and welfare cost, shown under cost of goods manufactured (note 25.1) and selling and administrative expenses (note 26) includes staff retirement benefits amounting to Rs 23.727 million (1995: Rs 18.119 million).

1996 1995
(Rupees in thousands)

27. Other income

Interest on loans and advances	157	155
Profit on sale of fixed assets	938	62
Scrap sales	5,346	4,338
Others	167	244
	-----	-----
	6,608	4,799
	=====	=====

28. Financial charges

Interest on		
Short-term loans	9,325	4,575
Workers' profits participation fund	2,228	1,654
Mark-up on		
Short-term finances	52,686	28,873
Long-term finances	19,747	13,227
Finance lease charges	2,443	6,866
Bank charges, excise duty and others	12,200	6,049
Forward contract charges net of exchange gain/loss	10,997	4,217
	-----	-----
	109,626	65,461

29. Other charges

Directors' fees	2	2
Auditors' remuneration (note 30)	1,401	1,323
Legal and professional charges	1,216	1,284
Workers' profits participation fund	5,682	10,659
Workers' welfare fund	2,615	5,000
Provision for diminution in value of investment	6,820	5,500
Others	81	-
	-----	-----
	17,817	23,768

30. Auditors' Remuneration

Audit fee	375	325
Tax and other advisory services, special reports/certifications and audit of various funds	902	958
Out of pocket expenses	39	40
Excise duty	85	-
	-----	-----
	1,401	1,323
	=====	=====

31. Taxation

Current - for the year	45,808	84,005
'- for prior years	(13,251)	-
Deferred - for the year	(4,986)	(9,633)
	-----	-----
	27,571	74,372
	=====	=====

32. Cash generated from operations

Profit before taxation	103,110	195,868
------------------------	---------	---------

Adjustment for non cash charges and other items:		
Provision for diminution in value of Investment	6,820	5,500
Depreciation	40,929	58,058
Profit on sale of fixed assets	(938)	(62)
Provision for staff retirement benefits	4,602	3,471
Financial charges	109,626	65,461
Working capital changes-note 32. 1	(153,333)	(186,302)
	-----	-----
	110,816	141,994
	=====	=====

32.1 Working capital changes

(Increase) / decrease in current assets		
Stores and spares	(9,692)	554
Stock-in-trade	(56,927)	(265,857)
Trade debts	(33,817)	53,268
Deposits and short-term prepayments	2,009	-25,847
Other receivables	9,076	(45,273)
	-----	-----
	(89,351)	(283,155)

Increase / (decrease) in current liabilities

Creditors, accrued and other liabilities (excluding accrued markup and interest)	(58,447)	91,962
Provision for turnaround expenses	(5,535)	4,891
	-----	-----
	(153,333)	(186,302)
	=====	=====

33. Cash and Cash Equivalents

Cash and cash equivalents comprise of the following items as included in the balance sheet:

Cash and bank balances	50,910	53,895
Short-term finances under mark-up arrangements	(265,563)	(257,101)
	-----	-----
	(214,653)	(203,206)
	=====	=====

34. Remuneration of Directors and Executives

The aggregate amounts charged in the accounts of the year for remuneration, including benefits, to chief executive, director and executives of the Company were as follows:

	Chief Executive		Director		Executives		Total	
	1996	1995	1996	1995	1996	1995	1996	1995
	(Rupees in thousands)							
Managerial remuneration	1,694	1,371	1,059	909	30,166	20,710	32,919	22,990
Retirement benefits	387	283	242	188	6,887	4,279	7,516	4750.00
Perquisites:								
Medical expenses	23	26	311	31	2,238	963	2,299	1,020
Housing	908	576	624	400	14,805	8,243	16,337	9,219
Conveyance	-	-	-	-	4,397	2,965	4,397	2,965
Leave fare assistance	327	265		73	-	1,657	327	1,995
Company's contribution to Provident fund	169	109	106	73	3,017	1,657	3,292	1,039

	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Number of persons (including those who worked part of the year)	3,508	2,63	2,069	1,674	61,510	40,474	67,007	44,778		
	1	1	1	1	156	88	150	90		

In addition, the chief executive, a director and certain executives are provided with free use of cars and certain household items in accordance with their entitlements. Aggregate amount charged in the accounts for fee to three directors was Rs. 2 thousand (1995: three directors Rs. 2 thousand).

1996 1995
(Rupees in thousands)

35. Donations

Recipients of donations do not include any donee in which a director or his spouse had any interest.

36. Transactions With Associated Undertakings

Purchases (includes fixed asset items Rs. 0.471 million; 1995: 2,408 million)	731,321	638,445
--	---------	---------

37. Capacity And Production

	1996		1995	
	Capacity	Production	Capacity	Production
Television sets	100,000	45,034	100,000	51,405
Lamps	59,500,000	51,696,221	59,500,000	47,389,891
Glass-soda lime/lead	1,200,000 Kg	100% 1,200,000 Kg		100%
Refrigerators	25,000	27,422	25,000	29,508

The shortfall in production as compared to capacity in respect of television sets is due to low demand.

38. Comparative Figures

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

Syed Naseern Ahmad Chief Executive	Javed Iqbal Director
---------------------------------------	-------------------------

Ten-years Review

(Rupees in Million)

PARTICULARS	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
INCOME & DIVIDEND										
Sales	741	730	725	953	1396	1774	2304	2409	2666	3365
Profit before tax	33	44	33	63	113	156	175	149	196	103
As percentage of Sales	% 4.50	6.00	4.6	6.60	8.1	8.80	7.60	6.20	7.3	3.1
Profit after tax	19	26	18	43	49	88	106	93	121	121
As percentage of Sales	% 2.60	3.60	2.50	4.50	3.50	50	4.60	3.90	4.6	2.30
Earning per share	Rs. 3.90	5.30	1.80	4.40	5.00	9.00	9.90	8.60	10.3	6.40
Dividend per share	Rs. 2.50	2.50	2.00	2.50	3.50	5.50	70	6.00	7.5	4.00
Bonus Issue						1:10		1:10		1:10

ASSETS

Tangible fixed assets	183	188	170	272	271	264	269	235	210	209
Long term investments, loans advances & deposits	6	7	7	16	28	45	51	53	41	34
Deferred taxation	4	2		4	3	2			0.40	50
Stores, Spares & Stock in trade	175	168	186	231	285	323	488	441	706	772
Trade debts & others receivables	212	235	353	306	249	175	275	334	326	351
Deposits and short term prepayments	9	12	20	56	40	53	71	58	83	81
Cash and Bank balances	7	6	2	6	27	36	45	57	54	51
TOTAL-A	596	618	738	891	903	898	1199	1178	1420	1503

LIABILITIES

Short term finances & borrowings	219	265	300	245	188	139	321	265	403	507
Creditors, accrued & other liabilities	82	61	59	118	15.50	190	295	294	389	338
Provision for turnaround expenses	20	19	24	21	27	36	23	6	11	5
Provision for Sales tax & other contingencies	26	22	7	1						
Taxation		7	10	22	70	65	67	29	47	(22)
Dividends	11	8	12	17	23	36	54	49	59	18
TOTAL-B	355	382	412	424	463	466	760	643	909	846
Net investments (A-B)	241	236	326	467	440	432	439	535	511	657

REPRESENTED BY:

Share Capital	49	49	98	98	98	98	108	108	119	119
Reserves & Unappropriated profit Surplus on revaluation of fixed assets	75	89	135	154	169	203	224	252	273	301
Shareholders' interest (net worth)	19	19	19	66	66	66	66	66	66	66
Shareholders' interest (net worth)	124	138	252	318	333	367	398	426	458	486
Debentures, long term loan, finance lease, redeemable capital & deferred liabilities	117	98	74	149	107	65	41	109	3	171
TOTAL	241	236	326	467	440	432	439	535	511	657
Number of employees at year end	857	828	649	848	903	973	1061	1040	1048	1045

Pattern of shareholding as at December 31, 1996

No. of Shareholders	From	To	Total Shares held
439	1	100	11,406
368	101	500	86,308
100	501	1000	72,023
101	1001	5000	199,773
7	5001	10000	46,236
1	10001	15000	13,189
1	15001	20000	16,456
2	20001	25000	43,619
	25001	30000	27,000

35001	40000	40,000
40001	45000	42,500
45001	50000	45,899
50001	55000	52,998
55001	60000	56,000
75001	80000	78,870
80001	85000	83,000
125001	130000	129,300
150001	155000	152,000
165001	170000	166,452
0.22	220000	217,867
275001	280000	276,327
460001	465000	463,078
670001	675000	670,847
1760001	1765000	1,760,522
7125001	7130000	7,127,505
-----	-----	-----
1036		11,879,175

Categories of Shareholders

	Number	Shares held	Percentage
Individuals	1028	1,345,492	11.33
Investment companies	1	1,760,522	14.82
Insurance companies	4	756,942	6.37
Financial institutions	2	888,714	7.48
*Associated companies	1	7,127,505	60.00
	-----	-----	-----
	1036	11,879,175	100.00

*Represents 60% Shareholding of Philips Electronics N.V. (formerly N. V. Philips Gloeilampenfabrieken) Eindhoven, The Netherlands and includes their nominee shareholders

