

## PAKISTAN PAPER PRODUCTS LIMITED

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### NOTICE OF MEETING

Notice is hereby given that the 40th Annual General Meeting of the Shareholders of Pakistan Paper Products Limited, will be held at the registered office of the Company at D-58, Estate Avenue, S.I.T.E., Karachi on Saturday the 12th October, 2002 at 12:15 p.m. to transact the following business:

1. To confirm the minutes of the Extra Ordinary General Meeting held on 15th May, 2002.
2. To receive and adopt the Audited Accounts of the Company for the year ended on 30th June 2002 together with the Directors report and Auditors report thereon.
3. To approve the Payment of Dividend at the rate of Rs. 2.50 per share (25%) & issue of Bonus Share in the ratio 4:1 (1 Bonus share for every 4 Shares) as recommended by the Directors.
4. To appoint Auditor for the year 2002-2003 and to fix their remuneration.
5. To transact any other business with the permission of the Chair.

Special Business:

(i) To consider to increase the authorised capital of the Company from Rs. 20 million to Rs. 40 million and if thought fit to pass the following resolution as a special resolution.

Resolved that the authorized capital of the company be and is hereby increased to Rs. 40 million by creation of 2 million ordinary shares of Rs. 10/- each and the relevant phrase in clause V of the Memorandum of Association be and is hereby substituted by the following new phrase.

The authorized capital of the company is Rs. 40 million (Rupees: Forty Million) divided into 4 Million ordinary Shares of Rs. 10/- each.

Resolved further that the Article 4 of the Article of Association of the company be and is hereby amended to read as under:

Authorized capital of the Company is Rs. 40 Million (Rupees: Forty Million) divided into 4 million ordinary Shares of Rs. 10/- each.

(ii) To consider and if thought fit, pass the following resolution for capitalization of profit.

"Resolved that a sum of Rs. 5,000,000/- out of the company's current year profit be capitalized for issuing fully paid up ordinary shares to Rs. 10/- each to those Shareholders whose names appear in the register of members on 4th October, 2002 in proportion of one share for every 4 Shares held and that the Bonus Share when issued shall Rank

### COMPANY INFORMATION

#### BOARD OF DIRECTORS

##### Chairman / Chief Executive

Mr. HASHIM B. SAYEED

##### Directors

Mr. MOHAMMAD ALI SAYEED

Mr. KH. MANSOOR MUKHTAR SHAH

Mr. ABBAS SAYEED

Mrs. MULEIKA SAYEED  
Mr. ABID SAYEED  
Dr. ASADULLAH SAYEED

**Chief Financial Officer Mr. MOHAMMED HANIF**  
Company Secretary Mr. M.Z.B. CHUGHTAI

**BOARD OF AUDIT COMMITTEE**  
Chairman Mr. ABBAS SAYEED

**Members**  
Mr. ASADULLAH SAYEED  
Mr. ABID SAYEED

**Secretary**  
Mr. M.Z.B. CHUGHTAI

**Auditors**  
M/s. Z. LAKHANI & CO.  
*Chartered Accountants*

**Bankers**  
• HABIB BANK LIMITED  
• MUSLIM COMMERCIAL BANK LIMITED  
• STANDARD CHARTERED BANK

**Registered Office & Factory**  
D-58, ESTATE AVENUE,  
S.I.T.E., KARACHI.

**SUMMARISED STATEMENT OF KEY OPERATING AND  
FINANCIAL DATA OF LAST SIX YEARS**

**Years at a Galance**

**RUPEES IN THOUSAND**

	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Sales-Net	111,918	83,980	72,104	69,469	65.34	57,535
Other Income	382	201	88	43	142	300
Profit before Taxation	17,293	11,650	6,540	4,691	5,760	6,463
<b>Taxation</b>	4,065	5,102	2,165	1,559	1,923	1,977
Profit after Taxation	13,228	6,547	4,375	3,132	3,838	4,486
Cash Dividend (%)	25%	25%	25%	20%	20%	25%
Bonus Shares (%)	25%	33.33%	-	50%	-	-
Earning per Share (Rs.)	6.61	4.36	2.93	3.14	3.84	4.49
Paid up Capital	20,000	15,000	15,000	10,000	10,000	10,000
Shareholder Equity	50,667	42,439	39,642	34,017	37,995	36,157
Total Assets	78,067	66,846	55,542	54,885	53,823	44,391
Working Capital	29,723	24,867	27,172	22,759	27,147	26,901
Numbers of Employees	88	96	99	94	105	107
<b>Production</b>						
Ammonia Paper (Rolls 10 yds)	89,127	103,982	119,926	109,981	118,988	100,238
Exercise Books (Gross)	47,761	36,641	38,199	34,096	44,447	39,618
Pro-Labels (Sq. Meters)	516,134	242,000	125,200	158,538	-	-

Pari-Passu in all respect with the existing ordinary shares of the company".

"Further resolved that aggregate of the fractions of a share arising on such allotment be sold and that net proceeds thereof be distributed prorata to the members according to their entitlement".

"Also resolved that the Chief Executive be and is hereby authorised and empowered to give effect to this resolution and to be done all acts deeds and things that may be necessary for the issue allotment and distribution of company's shares and the payment of the sale proceed of the fractions'.

Statement under section 160 of the Company's Ordinance 1984.

1. The Directors have recommended increase in the authorized capital from Rs. 20 million to Rs. 40 million by creating 2 million shares of Rs. 10/- each.

2. The Directors have recommended capitalization of the reserve for issue of Bonus Shares of Rs. 5 million in proportion 1 Share for every four shares.

By Order of the Board

**M.Z.B. CHUGHTAI**

Company Secretary

Date: 14th September, 2002

Karachi

**NOTES:**

1. The Share Transfer Books of the Company will remain closed from 05-10-2002 to 12-10-2002 (both days inclusive).

2. A member entitled to attend and vote at this meeting, may appoint any other member as his/her proxy to attend the meeting and vote instead of him/her. The Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.

3. The Share-holders are requested to promptly notify any change in their address.

4. The share-holders are further requested to quote their folio number in all correspondence with the company and at the time of attending the Annual General Meeting.

	<b>2002</b>	<b>2001</b>
Profit before taxation	17,293,394	11,649,534
Taxation		
Current	5,602,833	4,770,000
Prior Years	(2,225,268)	205,546
Deferred	687,919	126,598
	<b>4,065,484</b>	<b>5,102,144</b>
Profit after taxation	13,227,910	6,547,390
Un-appropriated profit brought forward	39,367	641,977
Available for Appropriation	13,267,277	7,189,367
Appropriation		
Reserve for issue of Bonus Shares 4:1 (2001: 3:1)	(5,000,000)	(5,000,000)
Transfer to/from General Reserve	(3,000,000)	1,600,000
Cash Dividend 25%	(5,000,000)	(3,750,000)
Un-appropriated profit carried forward	<b>267,277</b>	<b>39,367</b>

**Earning per Share**

Earning per share after taxation comes to Rs. 6.61 per share (2001: Rs. 4.36 per share)

**Dividend**

Directors propose cash dividend at the rate of 25%.

**Operating and Financial Data**

Operating and Financial data and key ratios of the Company for last six years are annexed.

**Employees Provident fund**

The Company has maintained recognized provident fund for the employees.

Value of Investment Rs. 8.285 Million

Based on Audited Accounts as at 30th June 2001

**Gratuity Scheme**

Gratuity Scheme has been introduced for management staff and provision has been made in accounts accordingly.

**DIRECTORS REPORT**

The Directors of your Company take pleasure in presenting their report together with the Audited Accounts and Auditors' Report thereon for the year ended 30th June, 2002.

**Company Operations**

During the year under review your Company showed excellent progress with Net Sales growing by 33.27% to Rs 111.92 million compared to Rs 83.98 million in the previous year. All

sections of the Company showed good growth levels with the Pro Labels section growing by 92.5%, and the Exercise Book section by 20.53%. This was achieved by gearing up our marketing and production resources to meet the increased demand. We are particularly pleased with the growth seen in the Exercise Books section, as we continued to face stiff competition from the unorganized sector which was dumping low price, substandard products in the market and avoiding all government taxes and duties. The only area of the Company which did not show good progress was the Ammonia Paper segment which saw a nominal decline of 10.04% in sales. This product has witnessed a declining trend over the last several years due to the fact that people are now shifting towards plotters and other plain paper products. The management has taken note of this and has introduced alternative plain paper products which have been well received in the market.

The Company plans to invest further in expansion and modernization of the Karachi Factory during the next financial year. We have already added some equipment to our Printing Department which will enhance the production capacity of our Exercise Book section. We are also looking towards expanding the capacity of our Pro Labels section, and for this your management is devising a future strategy which will soon be presented to the Board of Directors for their approval.

#### **Financial Results**

By the grace of Allah, your Company was able to earn a Net Profit after tax of Rs 13.23 million compared to Rs 6.55 million in the previous year, which is an increase of 102%. This increase was made possible through better management of resources and favorable parity of the Pak Rupee versus the US \$ as a large portion of our raw materials are imported. The total profit available for appropriation is Rs 13.27 million. Your Directors recommend a final dividend of 25% and issue of Bonus Shares of 25% which amounts to Rs 10 million, while Rs 3 million will be transferred to general reserve, and Rs 0.27 million will be carried forward as un-appropriated profit. The issue of Bonus Shares is based on the approval of the shareholders to increase the Authorized Capital of the Company from Rs 20 million to Rs 40 million, which in turn will increase the paid up Capital to Rs 25 million. The summary of the accounts for the year ended 30th June, 2002 is given below:

#### **Board of Directors**

The Board comprises of two executive and five non-executive Directors including one independent Director. All the Directors keenly take interest in the proper stewardship of the company's affair. The non-executive Directors are independent of management.

The Board has approved the remuneration of the Chief Executive at Rs. 1.5 million, and Executive Director at Rs. 1.0 million inclusive of all benefits like telephone facility, medical expenses etc., as per Company's policy for the year 2002-2003.

CEO, CFO, Company Secretary and their spouse and minor children have made no transactions of Company's shares during the year. However, one Director Mrs. Muleika Sayeed has purchased 9000 shares of the Company during the year. None of the other Directors have made any transactions of the Company's shares.

During the year four Board Meetings were held and attended as follows:

Mr. Hashim. B. Sayeed	4
Mr. Abid Sayeed	4
Mr. Abbas Sayeed	4
Mr. Muhammad Ali Say	3
Kh. Mansoor Mukhtar S	3
Mrs. Muleika Sayeed	2
Dr. Asadullah Sayeed	1 Appointed on 15-05-2002
Mr. Mehboob Rawjee	1 Retired on 14-05-2002

#### **Corporate Governance**

Compliance of Corporate Governance is annexed.

#### **Pattern of Shareholding**

The pattern of shareholding of the Company is annexed.

#### **Auditors**

The present Auditors M/s Z Lakhani & Co., retire and being eligible, offer themselves for reappointment.

#### **Special Resolution**

The Board of Directors of your Company recommend increasing the Authorized Share Capital

of the Company from Rs 20 million to Rs 40 million.

#### **Acknowledgments**

The Directors would like to thank the staff and workers for their hard work and cooperation during the year. We assure the shareholders that the management would do its best to maintain the progress and keep them well informed with the developments.

For and on behalf of the Board of Directors

HASHIM B. SAYEED  
Chief Executive Officer

#### **CORPORATE GOVERNANCE**

##### **Statements of Directors' responsibilities**

The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed in total by the Board in the light of the Company's overall objectives. The Board is committed to maintain the high standards of good corporate governance. The Company is in process of implementing/ compliance with the provisions set out by the Securities & Exchange Commission of Pakistan and accordingly amended listing rules of the Stock Exchange.

##### **Presentation of Financial Statements**

The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

##### **Books of Account**

The Company has maintained proper books of account.

##### **Accounting Policies**

Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent Judgment.

##### **Application of International Accounting Standards**

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

##### **Internal Control System**

The system of internal control is sound in design and has been effectively implemented and monitored.

##### **Going Concern**

There is no doubt about the Company's ability to continue as a going concern.

##### **Audit Committee**

Audit Committee was established by the Board in its meeting on May 15, 2002 to assist the Board in discharging its responsibilities for Corporate Governance, Financial Reporting and Corporate Control. The committee consists of three members including the Chairman of the committee who is a non-executive Director.

The Board Audit Committee is responsible for reviewing reports of the company's financial results, audit and adherence to standards of the system of management controls. The committee reviews the procedures for ensuring their independence with respect to the services performed for the company and make recommendations to the Board of Directors.

##### **Code of business Principles**

As a leading Paper Converting Company, reputation for high ethical standards is central to business success. Code of Business Principles has been developed and is now being communicated and acknowledged by each Director and employee of the Company.

##### **Communication**

Communication with the shareholders is given a high priority. Annual, Half yearly and Quarterly Reports are distributed to them within the time specified in the Companies Ordinance. There is -also an opportunity for individual shareholders to attend and ask questions at the Annual General Meeting.

## **Safety & Environment**

The Company strictly complies with the standard and follows the safety rules & regulations.  
The Company has held various sessions on safety awareness and no accident occurred.

## **REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Pakistan Paper Products Limited to comply with the Listing Regulation No 31-A, 31-B, 31-C and 37 of the Karachi Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the

accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable for the period from 2nd May, 2002 to 30th June, 2002.

Z. Lakhani & Co.  
Chartered Accountants

Date: 14th September, 2002  
Karachi

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

We have audited the annexed Balance Sheet of M/S. PAKISTAN PAPER PRODUCTS

LIMITED, Karachi as at 30th June, 2002 and the related Profit and Loss Account, Cash Flow Statement and statement of changes in equity together with the notes forming part thereof, for the year 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.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, 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 accounts and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of company's business;

and

iii) the business conducted, investment 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, cash flow statement and statement of changes in equity together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan, and 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 30th June, 2002 and of the profit, its cash flow and changes in equity for the year then ended; and

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

## Z. LAKHANI & CO.

CHARTERED ACCOUNTANTS

Date: 14th September, 2002  
Karachi

### BALANCE SHEET AS AT 30TH JUNE , 2002

Notes	2002 Rupees	2001 Rupees
<b>CAPITAL AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Share Capital		
Authorised		
2,000,000 Ordinary Shares of Rs. 10 each		
	<u>20,000,000</u>	<u>20,000,000</u>
Issued, Subscribed and Paid-up	3 20,000,000	15,000,000
Revenue Reserves	4 30,400,000	27,400,000
Un-Appropriated Profit	267,277	39,367
	<u>50,667,277</u>	<u>42,439,367</u>
Surplus on Revaluation of Fixed Assets	5 316,590	316,590
<b>LIABILITIES AGAINST ASSET</b>		
<b>SUBJECT TO FINANCE LEASE</b>		
	6 4,159,441	6,550,339
<b>DEFERRED LIABILITIES</b>		
Deferred Taxation	7 2,132,269	1,444,350
Provision for Gratuity	8 713,860	591,727
	<u>2,846,129</u>	<u>2,036,077</u>
<b>CURRENT LIABILITIES</b>		
Current Maturity of Finance Lease	3,371,156	2,516,396
Creditors, Accrued and Other Liabilities	9 11,705,946	9,237,224
Proposed Dividend	5,000,000	3,750,000
	<u>20,077,102</u>	<u>15,503,620</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	10 <u>78,066,539</u>	<u>66,845,993</u>

The annexed notes form an integral part of these accounts.

## HASHIM BIN SAYEED

Chief Executive

Date: 14th September, 2002  
Karachi

Notes	2002 Rupees	2001 Rupees
<b>PROPERTY AND ASSETS</b>		
<b>TANGIBLE FIXED ASSETS</b>		
CAPITAL WORK-IN-PROGRESS	12 -	1,930,181
LONG TERM DEPOSITS AGAINST LEASES	13 1,256,100	1,055,000
<b>CURRENT ASSETS</b>		
Stores and Spares	14 1,299,864	1,057,980
Stock-in-Trade	15 26,534,428	22,554,512

Trade Debtors	16	14,276,406	9,194,226
Advances and Other Receivables	17	1,324,286	4,423,723
Deposits and Prepayments	18	451,463	451,694
Cash and Bank Balances	19	5,913,747	2,689,028
		<b>49,800,194</b>	<b>40,371,163</b>
		<b>78,066,539</b>	<b>66,845,993</b>

		2,002	2,001
Notes		Rupees	Rupees
<b>TURNOVER</b>		130,896	97,486,887
Sales tax, discounts, commission and sales return		(18,978,034)	(13,507,000)
<b>SALES</b>	20	111,918,056	83,979,887
<b>COST OF GOODS SOLD</b>	21	(83,398,202)	(64,168,904)
<b>GROSS PROFIT</b>		<b>28,519,854</b>	<b>19,810,983</b>
<b>OPERATING EXPENSES</b>			
Administrative	22	7,720,516	6,570,344
Selling and Distribution	23	1,085,508	630,729
Financial	24	1,548,314	295,912
Workers' Profit Participation Fund		908,276	615,700
Workers' Welfare Fund		345,868	250,000
		(11,608,482)	(8,362,685)
OPERATING PROFIT		16,911,372	11,448,298
OTHER INCOME	25	382,022	201,236
NET PROFIT BEFORE TAXATION		17,293,394	11,649,534
TAXATION	26	(4,065,484)	(5,102,144)
NET PROFIT AFTER TAXATION		13,227,910	6,547,390
UNAPPROPRIATED PROFIT BROUGHT FORWARD		39,367	641,977
PROFIT AVAILABLE FOR APPROPRIATION		<b>13,267,277</b>	<b>7,189,367</b>
APPROPRIATIONS			
Transfer from/(to) Revenue Reserve		(3,000,000)	1,600,000
Proposed Dividend @ 25% (2001: 25%)		(5,000,000)	(3,750,000)
Transfer to reserve for issue of bonus shares 4:1	(2001:1:3:1)	(5,000,000)	(5,000,000)
		(13,000,000)	(7,150,000)
Unappropriated Profit Carried Forward		<b>267,277</b>	<b>39,367</b>
<b>BASIC EARNING PER SHARE</b>	31	<b>6.61</b>	<b>4.36</b>

The annexed notes form an integral part of these accounts.

Date: 14th September, 2002  
Karachi

**HASHIM BIN SAYEED**  
Chief Executive

**ABID SAYEED**  
Director

#### CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2002

		2002	2001
Notes		Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash Generated From Operations	27	17,709,490	8,449,884
Income Taxes Paid		(3,055,010)	(3,836,832)
Gratuity Paid		-	(130,411)
Financial Charges		(1,548,314)	(295,912)
Net Cash from Operating Activities		<b>13,106,166</b>	<b>4,186,729</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Fixed Assets		(3,702,034)	(2,133,613)
Disposal of Fixed Assets		510,102	-
Capital Work-in-Progress		-	(1,566,062)
Income from Investment & Deposit Account		233,732	201,236
Sale of Investment		-	10,000
Lease Deposit		(256,100)	(1,000,000)
Net Cash used in Investing Activities		<b>(3,214,300)</b>	<b>(4,488,439)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Finance Lease		(3,056,139)	(1,222,412)
Dividend Paid		(3,611,008)	(3,692,897)
Net Cash used in Financing Activities		(6,667,147)	(4,915,309)



Net Increase/(Decrease) in Cash	3,224,719	(5,217,019)
Cash and cash equivalent at the beginning of year	2,689,028	7,906,047
Cash and cash equivalent at the end of year	<b>5,913,747</b>	<b>2,689,028</b>

**HASHIM BIN SAYEED**

Chief Executive

**ABID SAYEED**

Director

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE, 2002**

	Share Capital	Reserve for issue of Bonus shares	Revenue Reserve  (Rupees)	Unappro- priated Profit	Total
Balance as at June 30, 2000	15,000,000	-	24,000,000	641,977	39,641,977
Net profit for the year ended June 30, 2001	-	-	-	6,547,390	6,547,390
Appropriation:					
Transfer from revenue reserve	-	-	(1,600,000)	1,600,000	-
Proposed final dividend @ 25%	-	-	-	(3,750,000)	(3,750,000)
Transfer to reserve for issue of bonus shares	-	5,000,000	-	(5,000,000)	-
	-	5,000,000	(1,600,000)	(7,150,000)	(3,750,000)
Balance as at June 30, 2001	15,000,000	5,000,000	22,400,000	39,367	42,439,367
Transfer to share capital	5,000,000	(5,000,000)	-	-	-
Net profit for the year ended June 30, 2002	-	-	-	13,227,910	13,227,910
	20,000,000	-	22,400,000	13,267,277	55,667,277
Appropriation:					
Transfer to revenue reserve	-	-	3,000,000	(3,000,000)	-
Proposed final dividend @ 25%	-	-	-	(5,000,000)	(5,000,000)
Transfer to reserve for issue of bonus shares	-	5,000,000	-	(5,000,000)	-
	-	5,000,000	3,000,000	(13,000,000)	(5,000,000)
Balance as at June 30, 2002	<b>20,000,000</b>	<b>5,000,000</b>	<b>25,400,000</b>	<b>267,277</b>	<b>50,667,277</b>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 2002****1. THE COMPANY AND ITS OPERATIONS**

The company was incorporated in July, 1962 as a private limited company and was converted into public limited company and listed on the Karachi Stock Exchange in July, 1964. The Company is principally engaged in the production and sale of sensitised papers, pro-labels and exercise books.

**2. SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of Accounting**

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

**2.2 Taxation**

Provision for current taxation is based on taxable income on current rates of taxation.

Deferred liability for taxation is provided by using the liability method on all major timing differences, expected.

**2.3 Staff Retirement Benefits**

a) The company operates an approved defined contribution provident fund scheme applicable to all employees. Monthly contributions are made by the company and the employees equally in accordance with the fund's rules. During the year Rs. 291,256 (2001: Rs. 274,648) has been recognized as an expense by the company.

b) The company also operates an unfunded gratuity scheme covering all eligible employees which provides for benefits dependent on the length of service of the employee on terminal date, subject to a minimum qualifying period of service.

Gratuity is also based on last drawn salary. Provisions are made to cover obligation in accordance with the terms of the scheme.

#### 2.4 Tangible Fixed Assets and Depreciation

These are stated at cost or revalued amount (as appropriate) less accumulated depreciation except for leasehold land which is stated at cost. Depreciation is charged to income applying the reducing balance method, using the rates specified in Note

11

Depreciation is charged for full year on only those assets remaining with the Company at the end of the year.

Maintenance and normal repairs are charged to income as and when incurred. Profits or losses on disposal of assets are included in current income.

#### 2.5 Assets Subject to Finance Lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and fair value of the assets. The related obligation of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged at the rate stated in note 11 applying the Reducing Balance Method.

#### 2.6 Investment

These are stated at cost.

#### 2.7 Stores and Spares

These are valued at lower of cost and net realisable value.

#### 2.8 Stock-'m-Trade

Basis of valuation are as follows:

Particulars	Mode of valuation
Raw Materials	At lower of average cost and market value
Work in process	At lower of average cost and market value
Finished Goods	Selling price less estimated profit margin

#### 2.9 Revenue Recognition

Sales are recognised on dispatch of goods to the customers.

Income on investment is accounted for on receipt basis.

#### 2.10 Allocation of Expenses

The Company has maintained the policy of allocation of certain expenses to manufacturing, administrative and selling expenses at the end of the year using calculated percentages.

3. ISSUED	(SCRIBED & PAID-UP CAPITAL		
578,000 Ordinary Shares of Rs. 10/- each fully paid in cash		5,780,000	5,780,000
172,000 Ordinary Shares of Rs. 10/- each issued for consideration other than cash		1,720,000	1,720,000
12,500,000 Ordinary Shares (2001:750,000) of Rs. 10/- each issued as fully paid bonus shares		12,500,000	7,500,000
<b>2,000,000</b>		<b>20,000,000</b>	<b>15,000,000</b>

#### 4. RESERVE

Reserve for Issue of Bonus Shares			
Transfer from profit and loss account		5,000,000	5,000,000

Revenue Reserve		
Opening balance	22,400,000	24,000,000
Transfer from / (to) Profit & Loss Account	3,000	(1,600,000)
	25,400	22,400,000
	<b>30,400,000</b>	<b>27,400,000</b>

#### 5. SURPLUS ON REVALUATION OF FIXED ASSETS

Building on leasehold land and plant and machinery were revalued by J.B. Stevenson, ACII in June, 1964 resulting an increase over book value of Rs. 99,690 and Rs. 216,900 respectively. No further revaluation have taken place since the above date.

#### 6. LIABILITIES AGAINST ASSET SUBJECT TO FINANCE LEASE

Opening Balance	9,066,735	862,864
Prior year adjustment (Note 6.1)	337,402	-
Assets aquired during the year	985	10,000,000
	10,389,137	10,862,864
Payments	2,858,540	1,796,129
Current portion	3,371,156	2,516,396
	(6,229,696)	(4,312,525)
	<b>4,159,441</b>	<b>6,550,339</b>

Lease rentals are payable in quarterly installments for machinery and monthly installments for vehicles under the lease agreements latest by year 2005. Overdue rental payments are subject to an additional charge of 3% per month. Taxes, repairs, replacement and insurance cost are to be borne by the Company (lessee). Financing rates of approximately 17% to 19.25% per annum have been used as discounting factor. Purchase option can be exercised by the lessee, paying 10% to 26% of the assets amount.

Balance amount of future lease payments and the period in which they will fall due:

	2002		2001	
	Minimum Lease Payment '1	Finance Charge	Present Value	Present Value
Year ended 2002	-	-	-	2,685,192
Year ended 2003	4,221,229	850,073	3,371,156	3,141,255
Year ended 2004	4,111,339	258,776	3,852,563	3,577,690
Year ended 2005	308,024	1,145	306,879	-
	8,640,592	1,109,994	7,530,598	9,404,137

6.1 This represents lease of a vehicle previously recorded as an operating lease.

	Notes	2002 Rupees	2001 Rupees
<b>7. DEFERRED TAXATION</b>			
Balance		1,444,350	1,317,752
Credit balance arising due to:			
- Accelerated tax depreciation allowance		747,516	123,129
- Staff Gratuity		-	3,469
Debit balance arising due to:			
- Provision for unfunded retirement benefits		(42,747)	-
- Others		(16,850)	-
		<b>2,132,269</b>	<b>1,444,350</b>

#### 8. PROVISION FOR GRATUITY

Opening balance	591,727	601,738
Expense recognized	122,133	120,400
	713,860	722,138
Payments during the year	-	(130,411)
	<b>713,860</b>	<b>591,727</b>

The company has accounted for the gratuity on liability method. However as required by IAS-19 the liability has not been determined on actuarial valuation basis as the management feels that the existing provision is adequate to cover the obligation.

	Notes	2002 Rupees	2001 Rupees
<b>9. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Income Tax Payable		2,355,828	2,127,605
(Tax Liability Minus Advance Tax)		4,071,625	1,029,548
Trade Creditors			

Customers' Credit Balances	1,749,973	2,777,953
Accrued Expenses	1,444,635	1,431,397
Due to Associated Concern (note 9.1)	43,114	172,365
Workers' Profit Participation Fund (note 9.2)	1,009,714	642,146
Workers' Welfare Fund	345,868	251,536
Unclaimed Dividend and Bonus Shares	543,383	405,925
Sales Tax Payable	92,168	-
Others	49,638	398,749
	<b>11,705,946</b>	<b>9,237,224</b>
<i>9.1 Due to Associated Concern</i>		
Syed Graphics	3,114	112,365
Management & Enterprises (Pvt) Ltd.	40,000	60,000
	<b>43,114</b>	<b>172,365</b>

The maximum aggregate amount due to associated concern with reference to month end balance, during the year was Rs. 187,636 (2001: Rs. 172,365).

#### 9.2 Workers' Profit Participation Fund

Balance at the beginning of the Year	642,146	372,221
Interest on Fund utilised in Company's Business	59,438	26,446
	701,584	398,667
Amount paid to the Fund Trustees	386,538	210,130
Amount deposited with Government	213,608	162,091
	(600,146)	(372,221)
	101,438	26,446
Allocation for the Year	908,276	615,700
	<b>1,009,714</b>	<b>642,146</b>

## 10. CONTINGENCIES AND COMMITMENTS

### Contingencies

a) In respect of guarantees issued by bank on behalf of the company aggregating to Rs. 156,036 (2001: Rs. 147,597).

b) In respect of cases filed before labour court by seven workers who were retrenched. However, the liability is not quantified.

### Commitments

In respect of letter of credit amounting to Rs. 1,612,000.

## II. TANGIBLE FIXED ASSETS

PARTICULARS	COST / REVALUATION			Rate %	DEPRECIATION			Written down value as at 30/6/02
	Cost and revaluation as at 1/7/2001	Additions/ (Deletions)	Cost and revaluation as at 30/6/02		Accumulated As at 1/7/2001	Charge for the year	Adjustment on Disposal	
Leasehold Land (Karachi)	191,203	-	191,203	-	-	-	-	191,203
Leasehold Land	800,000	-	800,000	-	-	-	-	800,000
Building on Leasehold Land (Karachi) Factory	865,824	146,797	1,012,621	10	575,260	43,736	618,996	393,625
Office	539,591	2,154,963	2,694,554	5	449,754	112,240	561,994	2,132,560
Building on Leasehold Land (Hub Chowki)	1,100,000	-	1,100,000	5	441,390	32,931	474,321	625,679
Plant and Machinery (Karachi)	19,013,822	1,332,470	20,346,292	10	8,492,341	1,185,395	9,677,736	10,668,556
Plant and Machinery (Hub Chowki)	960,000	-	960,000	10	625,269	33,473	658,742	301,258
Furniture & Fixtures	394,441	232,032 (115,690)	510,783	10	237,801	35,102	194,863	315,920
Factory and Other Equipments	1,733,877	502,993 (70,361)	2,166,509	10	994,429	122,999	1,059,519	1,106,990
Electric Equipment and Fittings	827,488	132,500	959,988	15	540,048	62,991	603,039	356,949
Vehicles	1,931,548	1,125,960 (847,596)	2,191,912	20	1,140,554	317,449	535,886	1,269,795
Laboratory Apparatus	21,740	4,500	26,240	15	20,423	873	21,296	4,944

Assets Subject to Finance Lease									
Plant and Machinery	9,605,983	-	9,605,983	10	960,598	864,539	-	1,825,137	7,780,846
Vehicles	-	1,520,000	1,520,000	20	-	458,080	-	458,080	1,061,920
Total 2002	<b>37,967,517</b>	<b>7,152,215</b>	<b>44,086,085</b>		<b>14,477,867</b>	<b>3,269,808</b>	<b>671,835</b>	<b>17,075,840</b>	<b>27,010,245</b>
		<b>(1,033,647)</b>							
Total 2001	<b>20,927,921</b>	<b>17,039,596</b>	<b>37,967,517</b>		<b>11,895,576</b>	<b>2,582,292</b>	-	<b>14,477,868</b>	<b>23,489,649</b>

11.1 Depreciation for the year includes Rs. 192,600/- relating to a vehicle which was recorded as operating lease in prior year.

11.2 Depreciation has been allocated as under-

Notes	2002 Rupees	2001 Rupees
Manufacturing	2,452,356	2,194,948
Administration	653,962	258,229
Selling and Distribution	163,490	129,115
	<b>3,269,808</b>	<b>2,582,292</b>

11.3. The following fixed assets were disposed of during the year

	Cost Rupees	Accumulated Depreciation Rupees	Book Value Rupees	Sale Proceeds Rupees	Particulars of Buyers
Vehicle					
Sold by negotiation	150,000	73,200	76,800	85,000	Mr. Ghulam Anwar, Karachi
	112,846	106,641	6,205	60,000	Mian Khalil-ur-Rehman, Karachi
	405,050	320,105	84,945	115,000	Mr. M. Hakim, Karachi
	179,700	35,940	143,760	200,000	Mr. Abid Sayeed (Director)
	<b>847,596</b>	<b>535,886</b>	<b>311,710</b>	<b>460,000</b>	
<b>Furniture and Fixtures</b>					
Sold by negotiation	115,690	78,040	37,650	37,650	M/s. Management & Enterprises (Private) Ltd. (Associated Company)
Office and Factory Equipment					
Sold by negotiation	70,361	57,909	12,452	12,452	M/s. Management & Enterprises (Private) Ltd.
Total 2002	<b>1,033,647</b>	<b>671,835</b>	<b>361,812</b>	<b>510,102</b>	
Total 2001	-	-	-	-	

Notes	2002 Rupees	2001 Rupees
Opening Balance	1,930,181	364,119
Addition during the Year	224,782	1,566,062
	2,154,963	1,930,181
Less: Transfer to fixed assets	(2,154,963)	-
	-	<b>1,930,181</b>

Note: This represents construction work completed at Factory, for setting up office premises.

Notes	2002 Rupees	2001 Rupees
Opening Balance	1,055,000	55,000
Addition	256,100	1,000,000
	1,311	1,055,000
Current portion (note 18)	(55,000)	-
	1,256,100	1,055,000
<b>14. STORES AND SPARES</b>		
Stores	1,210,796	923,898
Spares	89,068	134,082
	1,299,864	1,057,980
<b>15. STOCK-IN-TRADE</b>		

Raw Materials	17,802,447	13,566,038
Work in Process (note 15.1)	4,292,789	5,295,960
Finished Goods (note 15.2)	4,439,192	3,692,514
	<b>26,534,428</b>	<b>22,554,512</b>

15.1 These have been valued at average cost of raw material which is consistent with previous year. The management considers that the cost assigned to the raw material and work-in-process inventories approximate their market value.

15.2 These are valued at selling price less profit margin estimated by the management. Finished goods include slow moving items which have been valued at their net realisable value Rs. 638,200 (2001: Rs. 701,111).

However, as required by IAS-2 inventories are not measured at the lower of cost and net realisable value. The management considers that there would be no material affect if the inventories were measured as required by IAS-2.

#### 16. TRADE DEBTORS

(Unsecured, Considered Good)

Due from Customers 12,204,947 8,582,921

Due from Associated Concerns (Note 16.1) 2,069,632 605,266

Due from Staff 1,827 6,039

14,276,406 9,194,226

Notes	2002 Rupees	2001 Rupees
16.1. The amounts due from associated concerns are as follows:		
H.B. Sayed (Pvt) Ltd.	1,880,045	589,423
Sayeed Graphics	180,091	-
Sayeed International	9,496	15,843
	<b>2,069,632</b>	<b>605,266</b>

The maximum aggregate amount due from Associated Concerns with reference to month-end balances, during the year was Rs. 2,069,632 (2001: Rs. 1,603,036).

#### 17. ADVANCES AND OTHER RECEIVABLES

(Unsecured, Considered Good)

Advances to Suppliers	149,746	66,478
Advance against Letter of Credit	946,070	3,135,760
Advance against Expenses	28,470	28,818
Due from Director (note 17.1)	200,000	-
Others	-	1,192,667
	<b>1,324,286</b>	<b>4,423,723</b>

17.1. This is against sale of a vehicle. The maximum amount due at the end of any month during the year was Rs. 200,000 (2001: Nil).

#### 18. DEPOSITS AND PREPAYMENTS

Utility Deposits	88,447	87,352
Current portion of lease deposit (note 13)	55,000	-
Other Deposits	262,427	287,025
Prepayments	45,589	77,317
	<b>451,463</b>	<b>451,694</b>

#### CASH AND BANK

Cash at Banks (in Current Accounts)	2,282,286	770,316
Cash at Bank (in Deposits Account)	3,600,675	1,886,907
Factory Imperest	30,000	30,000
Cash in Hand	786	1,805
	<b>5,913,747</b>	<b>2,689,028</b>

#### 19.1. SHORT TERM RUNNING FINANCE (UNDER MARK-UP ARRANGEMENT)

The company enjoys short-term finance facility from Habib Bank Limited up to Rs. 13.35 million. The Finance is secured against hypothecation of stocks and account receivables of the company. The finance is further secured by personal securities and guarantees of the directors. The facility carries markup of 45 paisas daily for every thousand rupees. However balance at the close of year under this account was Debit Rs. 543,057 (2001: Rs. 116,837) which is shown under Cash and Bank Balances.

2002

2001

	Notes	Rupees	Rupees
20. SALES			
Exercise Books		60,976,111	50,588,516
Ammonia Paper		12,372,018	13,752,208
Prolabels		34,613,901	17,966,840
Plain Paper		3,541,208	1,462,602
Printing Charges		-	17,735
Waste Paper		753,874	452,218
		112,257,112	84,240,119
Commission and Rebate		(339,056)	(260,232)
		<b>111,918,056</b>	<b>83,979,887</b>

(The Sales are net of Sales Tax Rs. 18,638,978 last year Rs. 13,246,768).

		Rupees	Rupees
21. COST OF SALES			
Raw Material Consumed			
Opening Stock		13,566,038	11,019,844
Purchases		71,871,643	51,712,205
Closing Stock		(17,802,447)	(13,566,038)
		<b>67,635,234</b>	<b>49,166,011</b>
Salaries, Wages and other Benefits		3,188,767	3,998,549
Printing, Binding & Rulling Charges		4,860,594	3,361,971
Fuel and Power		1,379,485	835,649
Spares and Stores Consumed (note 21.1)		491,145	941,393
Insurance		326,632	228,425
Repairs and Maintenance		2,368,841	1,959,716
Rent, Rates and Taxes		117,198	119,401
Telephone and Trunk Calls		114,220	96,996
Other Manufacturing Expenses		207,237	121,150
Depreciation		2,452,356	2,194,948
Cost of Production		83,141,709	63,024,209
Work in Process-Opening		5,295,960	4,983,400
Work in Process-Closing		(4,292,789)	(5,295,960)
		1,003,171	(312,560)
Cost of Goods Manufactured		<b>84,144,880</b>	<b>62,711,649</b>
Finished Goods-Opening		3,692,514	5,149,769
Finished Goods-Closing		(4,439,192)	(3,692,514)
		(746,678)	1,457,255
		<b>83,398,202</b>	<b>64,168,904</b>

	Notes	2002 Rupees	2001 Rupees
21.1 Spares and Stores Consumed			
Opening Balance		1,057,980	1,273,038
Purchases		733,029	726,335
Closing Balance		(1,299,864)	(1,057,980)
		<b>491,145</b>	<b>941,393</b>

		2002 Rupees	2001 Rupees
22. ADMINISTRATIVE EXPENSES			
Directors' Fees		14,000	4,500
Directors' Remuneration		739,211	885,392
Staff Salaries and Benefits		4,269,069	3,221,649
Rent, Rates and Taxes		302,095	336,498
Insurance		61,244	37,623
Travelling and Conveyance		319,324	350,372
Postage and Telegrams		74,619	107,892
Telephone		101,908	75,802
Electric Charges		172,429	334,708
Stationery and Periodicals		107,117	99,841
Repairs and Renewals		552,691	293,494
Trade Subscriptions		37,951	47,482
Legal & Professional Fees (note 22.1)		52,868	151,406
Lease Rentals and other charges			258,420
Auditors' Remuneration (note 22.2)		82,500	33,500
General Expenses		179,528	73,536
Depreciation		653,962	258,229
		<b>7,720,516</b>	<b>6,570,344</b>

22.1. Includes Rs. Nil (2001: 33,000) paid/payable to auditors for tax representation.

22.2. Auditors' Remuneration			
Jawad Abdul Ghaffar & Co.			
Audit Fee		-	15,000

Z. Lakhani & Co.		
Audit Fee	75,000	15,000
Provident Fund Audit Fee	5,500	2,000
Workers' Profit Participation Fund Audit Fee	2,000	1,500
	<b>82,500</b>	<b>33,500</b>

	2002 Rupees	2001 Rupees
<b>23. SELLING AND DISTRIBUTION EXPENSES</b>		
Staff Salaries and Benefits	394,180	77,371
Advertisement and Publicity	117,459	53,165
Cartage and Forwarding	288,685	198,098
Vehicle Expenses	66,014	59,798
Tender Fees	2,610	3
Sales Promotion Expenses	26,083	74,927
Insurance	20,415	
	2,687	
Depreciation	163,490	129,115
Others	6,572	32,368
	<b>1,085,508</b>	<b>630,729</b>
<b>24. FINANCIAL EXPENSES</b>		
Interest on Workers' Profit Participation Fund	59,438	26,446
Mark-up on Short-Term Running Finance	99,693	60,339
Bank and other charges	46,540	57,148
Interest on finance lease	1,342,643	151,979
	<b>1,548,314</b>	<b>295,912</b>
<b>25. OTHER INCOME</b>		
Interest on Deposit Account	233,732	196,236
Gain on Disposal of Assets	148,290	-
Gain on Sale of Investment	-	5,000
	<b>382,022</b>	<b>201,236</b>
<b>26. TAXATION</b>		
Current Year	5,602,833	4,770,000
Prior Year	(2,225,268)	205,546
Deferred	687,919	126,598
	<b>4,065,484</b>	<b>5,102,144</b>

26.1 The income tax assessments of the company have been finalized upto and including assessment year 2001-2002.

	2002 Rupees	2001 Rupees
<b>27. CASH GENERATED FROM OPERATION</b>		
Profit before Taxation	17,293,394	11,649,534
Adjustment for non cash items and other adjustments:		
Depreciation	3,269,808	2,582,292
Gratuity Provision	122,133	120,400
Income from Investment	(233,732)	(201,236)
Financial Charges Paid	1,548,314	295,912
(Gain)/Loss on Disposal of Fixed Assets	(148,290)	-
	<b>4,558,233</b>	<b>2,797,368</b>
(Increase)/Decrease in Current Assets		
Stores, Spares	(241,884)	215,058
Stock in Trade	(3,979,916)	(1,401,499)
Trade Debtors	(5,082,180)	(1,267,978)
Advances and Other Receivables	3,099,437	(3,562,709)
Deposits and Prepayments	55,231	(105,679)
	<b>(6,149,312)</b>	<b>(6,122,807)</b>
Increase/(Decrease) in Current Liabilities		
Creditors, Accrued and Other Liabilities	2,007,175	125,789
	<b>17,709,490</b>	<b>8,449,884</b>

## 28. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTOR

2002			2001		
Chief Executive Rs.	Directors Rs.	Executive Rs.	Chief Executive Rs.	Director Rs.	Executive Rs.



Fees	-	14,000	-	-	4,500	-
Managerial remuneration & Allowances	316,667	245,810	366,324	300,000	240,000	217,858
Provident Fund	24,996	18,924	17,568	24,996	20,000	8,376
Medical expenses	850	5	21	10,200	12,317	10
House Rent	142,500	102,190	146,544	135,000	108,000	88,044
Reimbursable expenses	83	-	-	78,460	-	7,500
	<b>568,239</b>	<b>386,250</b>	<b>551</b>	<b>548,656</b>	<b>384,817</b>	<b>331,798</b>

Number of persons	<b>1</b>	<b>6</b>	<b>3</b>	<b>1</b>	<b>6</b>	<b>2</b>
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Chief Executive of the company is provided with company maintained car.  
The company has borne the telephone and utility charges of the Chief Executive's residence.

Remuneration of Chief Executive does not include amounts paid or provided for, if any, by associated undertakings.

Notes	2002 Rupees	2001 Rupees
29. TRANSACTIONS WITH ASSOCIATED CONCERNS		
The company made following transactions during the year with its Associated Concerns:		
Sales	8,468,769	7,902,187
Purchases	320,804	12,333
Adjustment of expenses	297,753	196,740
Rent paid	215,500	240,000
Fixed Asset sold	<b>50,102</b>	-

### 30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

#### 30.1 Financial Assets and Liabilities

	Interest Bearing			Non - Interest Bearing			
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	Grand Total
Financial Assets							
Long-term Deposits	-	-	-	-	1,256,100	1,256,100	1,256,100
Trade Debtors	-	-	-	14,276,406	-	14,276,406	14,276,406
Advances and Other Receivables	-	-	-	1,324,286	-	1,324,286	1,324,286
Deposits	-	-	-	405,874	-	405,874	405,874
Cash and Bank Balances	3,600,675	-	3,600,675	2,313,072	-	2,313,072	5,913,747
	<b>3,600,675</b>	-	<b>3,600,675</b>	<b>18,319,638</b>	<b>1,256,100</b>	<b>19,575,738</b>	<b>23,176,413</b>

The company made following transactions during the year with its Associated Concerns:

#### Financial Liabilities

Liabilities against asset subject to finance Lease	3,371,156	4,159,441	7,530,597	-	-	-	7,530,597
Creditors, Accrued and other Liabilities	-	-	-	8,806,735	-	8,806,735	8,806,735
Unclaimed Dividend	-	-	-	543,383	-	543,383	543,383
	<b>3,371,156</b>	<b>4,159,441</b>	<b>7,530,597</b>	<b>9,350,118</b>	-	<b>9,350,118</b>	<b>16,880,715</b>

#### 30.2 Credit Risk Exposure

Credit risk represents the accounting loss that would be recognized at the reporting date if parties failed completely to perform as contracted. The company controls its credit risk by ascertainment of credit worthiness of its customers, monitoring of debt on a continuous basis applying credit limits to its customers. The company does not believe that it is exposed to major concentration of credit Risk.

#### 30.3 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will effect value of financial instruments. The company is not exposed to interest rate risk.

#### 30.4 Fair value of financial Instruments

The carrying value of all financial assets and liabilities reflected in the financial statement

approximate their fair value.

Notes	2002 Rupees	2001 Rupees
<b>31. BASIC EARNING PER SHARES</b>		
Net Profit after Taxation	13,227,910	6,547,390
Number of ordinary shares issued and subscription at end of the year	2,000,000	1,500,000
Earning per share	7	4
<b>32. NUMBER OF EMPLOYEES</b>		
Number of employees as at year end	88	96

### 33. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 14th, 2002 by the Board of Directors of the Company.

### 34. CAPACITY AND PRODUCTION

	Capacity		Production		Remarks
	2002	2001	2002	2001	
a) Exercise Books (Gross)	48,215	48,215	47,761	36,641	As per market demand
b) Sensitised Paper (Rolls)	216,000	216,000	89,127	103,982	- do -
c) Pro-Labels (Square meter converted)	500,000	250,000	516	242,000	- do -

34.1 The capacity is determined on signie shift basis.

### 35. FIGURES

(a) The corresponding figures of previous year have been re-arranged and re-grouped, wherever necessary, for the purpose of comparison.

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

### PATTERN OF HOLDING OF THE SHARE-HOLDERS AS ON 30TH JUNE 2002

NO OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARE HELD
	FROM	TO	
233	1	100	8,541
182	101	500	47,303
67	501	1000	48,823
42	1001	5000	85,904
9	5001	10000	63,483
3	10001	15000	33,019
1	15001	20000	18,753
3	20001	25000	68,787
-	25001	30000	NIL
2	30001	35000	67,732
1	35001	40000	40,000
1	40001	45000	42,409
-	45001	50000	NIL
-	50001	55000	NIL
-	55001	60000	NIL
-	60001	65000	NIL
1	65001	70000	67,128
-	70001	75000	NIL
1	75001	80000	76,873
1	80001	85000	84,849
-	85001	90000	NIL
-	90001	95000	NIL
-	95001	100000	NIL
-	100001	105000	NIL
-	105001	110000	NIL
1	110001	115000	112,009
1	115001	120000	119,614
-	120001	125000	NIL
-	125001	130000	NIL

-	130001	135000	NIL	
-	135001	140000	NIL	
-	140001	145000	NIL	
-	145001	150000	NIL	
-	150001	155000	NIL	
-	155001	160000	NIL	
-	160001	165000	NIL	
-	165001	170000	NIL	
-	170001	175000	NIL	
-	175001	180000	NIL	
-	180001	185000	NIL	
-	185001	190000	NIL	
-	190001	195000	NIL	
-	195001	200000	NIL	
-	200001	205000	NIL	
-	205001	210000	NIL	
1	210001	215000		211,667
-	215001	220000	NIL	
-	220001	225000	NIL	
-	225001	230000	NIL	
-	230001	235000	NIL	
-	235001	240000	NIL	
1	240001	245000		240,961
-	245001	250000	NIL	
1	250001	255000		256,857
-	255001	260000	NIL	
-	260001	265000	NIL	
-	265001	270000	NIL	
-	270001	275000	NIL	
-	275001	280000	NIL	
-	280001	285000	NIL	
-	285001	290000	NIL	
-	290001	295000	NIL	
-	295001	300000	NIL	
-	300001	305000	NIL	
1	305001	310000		305,288
<b>553</b>				<b>2,000,000</b>

## CLASSIFICATION OF SHARES BY CATEGORIES AS AT 30TH JUNE, 2002

CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDER	SHARES HELD	PERCENTAGE OF CAPITAL
INDIVIDUALS	539	1,236,538	61.82%
INVESTMENT COMPANIES	2	223,332	11.12%
INSURANCE COMPANIES	2	107,128	5.36%
FINANCIAL INSTITUTIONS	3	338,650	16.93%
JOINT STOCK COMPANIES	5	52,942	2.65%
OTHERS:			
CORPORATE LAW AUTHORITY ADMINISTRATOR	1	1	NIL
ABANDONED PROPERTY	1	42,409	2.12%
	<b>553</b>	<b>2,000,000</b>	<b>100%</b>

## DETAILS OF PATTERN OF SHAREHOLDING AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

ASSOCIATED COMPANIES	SHARES HELD
M/s. Management & Enterprises (Pvt.) Limited	211,667
<b>NIT/ICP</b>	
National Investment Trust Ltd.	9,065
National Bank of Pakistan, Trustee Wing	305,288
Investment Corporation of Pakistan	24,297

## DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN

Mr. Hashim B. Sayeed	Director/Chief Executive	240,961
Mrs. Muleika Sayeed	Director	256,857
Mr. Muhammad Ali Sayeed	Director	2,840
Mr. Abbas Sayeed	Director	76,873

Mr. Asadullah Sayeed	Director	112,009
Mr. Abid Sayeed	Director	119,614
Mr. Khawaja Mansoor Mukhtar Shah - Nominee	Director	-
Mrs. Aliya Rehman		84,849
Mr. Abbas Sayeed & Mrs. Nusser Abbas Sayeed		3,200
Mrs. Nusser Abbas Sayeed W/o Abbas Sayeed		23,025
Mrs. Faiza Haswary W/o Asadullah Sayeed		34,400
Mrs. Nadia Sayeed W/o Abid Sayeed		10,089
Mrs. Nusser Abbas Sayeed A/c (Usman) - Minor		265

**EXECUTIVE** NIL

**INDIVIDUALS** 271,556

**PUBLIC SECTOR COMPANIES AND CORPORATIONS** NIL

**OTHER BANKS, DEVELOPMENT FINANCE INSTITUTIONS,** 213,145

**NON-BANKING FINANCE INSTITUTIONS, INSURANCE**

**COMPANIES, MODARABAS AND MUTUAL FUNDS**

**SHAREHOLDERS HOLDING 10% OR MORE**

Mr. Hashim B. Sayeed		240,961
Mrs. Muleika Sayeed		256,857
National Bank of Pakistan, Trustee Wing		305,288
Management & Enterprises (Pvt) Ltd.		211,667