

## Pakistan Papersack Corporation Limited

### Annual Report 1999

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#### Company Information

<b>CHAIRMAN</b>	Rafiq M. Habib	
<b>CHIEF EXECUTIVE &amp; MANAGING DIRECTOR</b>	S.Z. Kazmi	
<b>DIRECTORS</b>	All S. Habib Kersi D. Kapadia Mohamedali R. Habib Zahid Ali H. Jamal Nasim Beg	NIT Nominee NIT Nominee
<b>COMPANY SECRETARY</b>	S.M.A. Naqvi	
<b>AUDITORS</b>	Hyder Bhimji & Co.	Chartered Accountants
<b>LEGAL ADVISER</b>	S. Mahboob Rizvi	Advocate
<b>BANKERS</b>	Habib Bank AG Zurich Habib Bank Limited Hongkong & Shanghai Banking Corporation Metropolitan Bank Limited National Bank of Pakistan	
<b>FACTORIES</b>	Stepped-end Division Hub Chowki, Balochistan  Balochistan Laminates Division Hub Chowki, Balochistan  Forest Products Division Hub Chowki, Balochistan	
<b>REGISTERED OFFICE</b>	5th Floor, Siddiqsons Towers, 3-Jinnah Cooperative Housing Society, Sharea Faisal, Karachi - Pakistan. Tel: 4312030-34 Fax: 92-21 -4312198 E-Mail: ppcl@cyber. net.pk	
<b>REGIONAL SALES OFFICE</b>	1st Floor, E-83/A, Super Town, Walton Road, Lahore Cantt. Tel: 6664571	

## MILESTONES

### The Company through the years

#### Development and Growth

<b>1973</b>	Company Incorporated.
<b>1976</b>	Converted into Public Limited Company.
<b>1981</b>	Established Balochistan Laminates Division at Hub Chowki.
<b>1982</b>	Best Performance Award received from The Karachi Stock Exchange (Guarantee) Limited for the years 1978, 1979, 1980 and 1981.
<b>1982</b>	International Gold Mercury Award received.
<b>1984</b>	Best Performance Award received Fifth time from The Karachi Stock Exchange (Guarantee) Limited for the year 1983.
<b>1984</b>	Corporate Excellency Award for the year 1979-1983 from Management Association of Pakistan.
<b>1986</b>	Established Stepped-End Division at Hub Chowki.
<b>1987</b>	Established Forest Products Division.
<b>1998</b>	Performance Excellence Award received from The Karachi Stock Exchange (Guarantee) Limited for the year 1997.

### Notice of Meeting

Notice is hereby given that the 25th Annual General Meeting of the Company will be held at Raffia Choudri Memorial Hall, Sidco Avenue Centre, 264 R. A. Lines, Karachi, on Wednesday, November 24, 1999 at 11.00 A.M. to transact the following business:

#### ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 1999 and the Reports of the Directors and Auditors thereon.
- 2) To approve payment of dividend @35% i.e. Rs. 1.75 per share as recommended by the Board of Directors.
- 3) To appoint Auditors for the ensuing year and fix their remuneration.

**By order of the Board**

**(S. M. A. Naqvi)**  
**Company Secretary**

Karachi: November 01 1999.

#### NOTES:

i) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the time for holding the meeting.

ii) Shareholders are advised to notify to the Company or its Registrar change, if any, in their addresses.

iii) CDC shareholders are requested to bring their National Identity Card, Account and Participant's I.D. Numbers, while attending the meeting for identification.

## DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED JUNE 30, 1999

The Directors of your Company are pleased to welcome you to the twenty-fifth Annual General Meeting of your Company and place before you the Company's Annual Report and the audited accounts for the fiscal year ended June 30, 1999.

### FINANCIAL RESULTS'

The financial results of the Company for the year under review are summarized as under -

	<i>1999</i> <i>Rs.'000</i>	<i>1998</i> <i>Rs.'000</i>
Operating Profit	86,593	71,240
Trading Loss	(315)	(347)
Other Income	13,226	13,472
	-----	-----
	99,504	84,365
Financial Expenses	123,654	13,215
Other Charges	5,121	4,743
	-----	-----
	28,775	17,958
	-----	-----
Prior years' adjustment	70,729	66,407
	--	(3,085)
	-----	-----
Profit before Taxation	70,729	63,322
Provision for Taxation	(22,500)	(17,655)
	-----	-----
	48,229	45,667
Un-appropriated Profit B/R	1,986	467
	-----	-----
	50,215	46,134
	=====	=====
Appropriations		
Proposed Cash Dividend @ 35% i.e. Rs. 1.75 per share	24,148	24,148
Transferred to General Reserve	25,000	20,000
Un-appropriated Profit C/F.	1,067	1,986
	-----	-----
	50,215	46,134
	=====	=====

### EARNING PER SHARE:

Earning per share for the year ended June 30, 1999 comes to Rs. 3.50 as compared to Rs. 3.31 in the preceding year.

### PAPERSACK OPERATIONS:

Total sales of papersacks during the year under review amounted to Rs. 473 million as against the last year's sales of Rs. 409 million registering an increase of 15.65%. The production of papersacks also increased from 39.16 million in 1997-98 to 43 million in 1998-99 showing an increase of 9.8% over the last year.

The increase in duty structure and unrealistic fixation of Import Trade Prices (ITP) have adversely affected our import costs. The Import duty on sackkraft paper, which is our raw material, has been subjected to repeated increases since May, 1997. This is in sharp contrast to the normal slab of duty of 25% on all intermediate industrial raw materials throughout the tariff. In addition, there is also an element of increase in import levies on account of price difference between fixed Import Trade Prices and actual C&F Prices. ITPs are generally fixed at much higher levels e.g. at \$ 60-80 higher than actual C&F prices. Your company has, therefore, to bear additional burden of 12% to 16% on import of raw materials.

We have taken up these issues for review with National Tariff Commission, Central Board of Revenue and

other departments of the Federal Government.

The neighbouring gulf countries which are the main consumers of our products have levied duty upto 15% to protect their local industry with the result that our export has dropped by 12.4%. We have also to face inordinate delays (usually extending from 6 months to 2 years) for claiming Duty Draw Back.

There seems to be no end to the downward slide in the Rupees/US Dollar parity in particular and against the major currencies in general. During the year ended June, 1999, the rupee value has eroded by about 11.6% against the US Dollar. The trend is indeed very alarming for the industries totally dependent on imported raw material such as ours.

**LAMINATES OPERATIONS:**

The sales during the year increased by 15% from Rs. 252 million to Rs. 290 million. Operating profit decreased from Rs. 5 million to Rs. 2.91 million due to depreciation of Pak. Rupee and increase in Sales Tax by 2.5% from 12.5% to 15% the effect of which could not be passed on to the customers due to unhealthy competition.

Export of Decorative and Industrial Laminates increased from Rs. 9.5 million to Rs. 16 million. Efforts are continuing to boost it further.

An in-house plant has been installed to produce Phenolic Resin to cater to our needs.

**FOREST PRODUCTS DIVISION:**

Sales during the year under review amounted to Rs. 3.4 million as compared to Rs. 3.5 million last year. Operations resulted in a loss of Rs. 2.3 million as compared to a loss of Rs. 2 million preceding year. The Company is facing tough competition from the unorganised sector.

**TOP COMPANIES AWARD:**

Your Company was the proud recipient of "Top Companies Award 1997" given by the Karachi Stock Exchange (Guarantee) Limited for its exemplary performance and commendable distribution to the shareholders for the year ended June 30, 1997.

**PATTERN OF SHAREHOLDINGS:**

The Pattern of Shareholdings as at June 30, 1999 is provided on Page No. 32 of this Report.

**FUTURE OUTLOOK:**

We are passing through a critical phase of economic and social upheavals. On top of it, rising inflation, power crisis, deteriorating law & order situation & frequent strikes have further confounded the business & industrial activities. Your company is, however, striving hard to minimise the ill effects & stay afloat.

**YEAR 2000 COMPLIANCE OF COMPUTER SYSTEM:**

The company has already switched over to a RC. based software system which is fully compliant to Y2K.

**SUBSIDIARY ACCOUNTS:**

Noble Computer Services (Pvt.) Limited, our fully owned subsidiary company, has disinvested its shareholdings in Computer Products Corporation (Pvt.) Limited and Noble Software Service (Pvt.) Limited.

**APPOINTMENT OF AUDITORS:**

The retiring auditors M/s. Hyder Bhimji & Co., Chartered Accountants being eligible, offer themselves for re-appointment.

**EMPLOYEES RELATIONS:**

The relations between the Management and Workers continued to remain cordial through out the year.

**On behalf of the  
Board of Directors**

**S. Z. Kazmi  
Chief Executive**

Karachi: September 23, 1999.

**TEN YEARS AT A GLANCE**

Particulars	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
-------------	------	------	------	------	------	------	------	------	------	------

**Assets Employed**

Fixed Assets (Owned & Leased)	57,200	56,570	59,493	59,208	60,570	61,999	63,122	78,795	84,003	102,881
Capital Work in Progress	4,474	170	--	--	--	--	--	--	--	--
Investments & Deposits	104,362	83,970	84,341	43,013	41,165	43,696	43,603	44,243	44,270	33,939
Net Current Assets / (Liabilities)	120,611	121,287	97,244	115,525	108,614	103,931	97,970	72,179	72,193	69,489
<b>Total Assets Employed</b>	<b>286,647</b>	<b>261,997</b>	<b>241,078</b>	<b>217,746</b>	<b>210,349</b>	<b>209,626</b>	<b>204,695</b>	<b>195,217</b>	<b>200,466</b>	<b>206,309</b>

**Financed by**

Shareholders' Equity	279,060	254,979	233,460	209,267	201,539	199,888	197,405	183,123	182,442	179,551
Long term & deferred liabilities	7,587	7,018	7,618	8,479	8,810	9,738	7,290	12,094	18,024	26,758
	<b>286,647</b>	<b>261,997</b>	<b>241,078</b>	<b>217,746</b>	<b>210,349</b>	<b>209,626</b>	<b>204,695</b>	<b>195,217</b>	<b>200,466</b>	<b>206,309</b>

**Sales & Profits**

Sales	767,270	665,224	720,902	827,904	269,080	498,338	451,605	347,588	464,615	598,174
Gross Profit	146,130	123,739	126,684	104,754	34,265	59,731	55,201	51,793	84,361	87,887
Profit before interest & taxation	94,383	76,537	80,871	66,904	22,055	30,834	41,387	30,468	43,826	51,114
Profit before taxation	70,729	63,322	69,866	54,286	15,076	20,832	31,131	21,030	30,289	33,352
Profit after taxation	48,229	45,667	58,690	35,325	12,000	12,832	24,631	11,030	16,689	32,352
Cash Dividend	24,148	24,148	34,497	27,597	10,349	10,349	10,349	10,349	13,798	13,798
Retained Earnings	24,081	21,519	24,193	7,728	1,651	2,483	14,282	681	2,891	18,554

**Financial Ratios**

Gross Profit as percentage of sales	19.05	18.60	17.57	12.65	12.73	11.99	12.22	14.90	18.16	14.69
Net Profit before tax as percentage of sales excluding other Income and Trading Loss	7.54	7.54	8.35	5.59	3.40	3.35	3.02	2.85	7.43	5.42
Current ratio	1.38	1.61	1.57	1.55	1.54	1.75	1.80	1.59	1.49	1.31
Long term debt equity	0.00%	0.11%	0.60%	1.20%	1.78%	2.35%	2.07%	6.17%	11.02%	15.54%
Earning per share	3.50	3.31	4.25	2.56	0.87	0.93	1.78	0.80	1.21	2.34
Cash Dividend (%)	35	35	50	40	15	15	15	15	20	20

\* Six months operations

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of PAKISTAN PAPERSACK CORPORATION LIMITED, as at June 30, 1999 and the related Profit and Loss Account and the Statement of Changes in Financial Position (Cash Flow Statement) together with the Notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and, after due verification thereof, we report that:

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

b) in our opinion,

i) the Balance Sheet and Profit and Loss Account together with the Notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and the Statement of Changes in Financial Position (Cash Flow Statement), together with the Notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1999 and of the profit and the changes in financial position 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.

Karachi: September 23, 1999.

***HYDER BHIMJI & CO.***  
***Chartered Accountants.***

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

	<i>Note</i>	<i>1999</i> <i>Rs. '000</i>	<i>1998</i> <i>Rs. '000</i>
<b>CAPITAL AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised Capital: 20,000,000 Ordinary Shares of Rs. 5/-each		100,000	100,000
		=====	=====
Issued, Subscribed & Paid-up Capital	3	68,993	68,993
General Reserve	4	209,000	184,000
Un-appropriated Profit		1,067	1,986
		-----	-----
		279,060	254,979
<b>DEFERRED LIABILITIES</b>			
	5	7,587	7,018
<b>CURRENT LIABILITIES</b>			
Current portion of Long Term Loan		--	281
Short Term and Running Finance utilised under mark-up arrangements	6	178,786	107,414
Creditors, Accrued and Other Liabilities	7	113,579	68,517
Proposed Dividend		24,148	24,148
		-----	-----
		316,513	200,360
<b>CONTINGENCIES &amp; COMMITMENTS</b>			
	8	-----	-----
		603,160	462,357
		=====	=====
<b>PROPERTY AND ASSETS</b>			
<b>FIXED ASSETS</b>			
Operating Assets	9	57,200	56,570
Capital Work in progress		4,474	170
		-----	-----
		61,674	56,740
<b>LONG TERM INVESTMENTS</b>			
	10	102,435	82,273
<b>LONG TERM LOANS</b>	11	78	77
<b>LONG TERM DEPOSITS</b>		1,849	1,620
<b>CURRENT ASSETS</b>			
Stores & Spares	12	11,513	9,366
Stock-in-Trade	13	248,672	138,839
Trade Debts	14	116,431	102,869
Loans & Advances	15	-----	40,514

Deposits & Prepayments	16	2,789	1,586
Other Receivables	17	5,118	2,997
Short Term Investments	18	--	7,500
Cash & Bank Balances	19	3,762	17,976
		-----	-----
		437,124	321,647
		-----	-----
		603,160	462,357
		=====	=====

The annexed notes form an integral part of these accounts.

**RAFIQ M. HABIB**  
Chairman

**ALI S. HABIB**  
Director

**S.Z. KAZMI**  
Chief Executive

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

	<i>Note</i>	<i>1999 Rs. '000</i>	<i>1998 Rs. '000</i>
Sales	20	767,270	665,224
Cost of Sales	21	621,140	541,485
		-----	-----
Gross Profit		146,130	123,739
Administrative Expenses	23	39,940	35,882
Selling & Distribution Expenses	24	19,597	16,617
		-----	-----
		59,537	52,499
		-----	-----
Operating Profit		86,593	71,240
Trading Loss	25	(315)	(347)
Other Income	26	13,226	13,472
		-----	-----
		99,504	84,365
Financial Expenses	27	23,654	13,215
Other Charges	28	5,121	4,743
		-----	-----
		28,775	17,958
		-----	-----
Profit for the year		70,729	66,407
Less Prior Years' adjustment- Sales Tax		--	3,085
		-----	-----
Profit before Taxation		70,729	63,322
Less Taxation			
- Current		22,000	21,000
- Prior Years		--	(2,945)
- Deferred		500	(400)
		-----	-----
		22,500	17,655
Profit after Taxation		48,229	45,667
Un-appropriated Profit brought forward		1,986	467
		-----	-----
Available for appropriations		50,215	46,134
<b>APPROPRIATIONS</b>			
Proposed Dividend		24,148	24,148
Transferred to General Reserve		25,000	20,000
		-----	-----
		49,148	44,148

Un-appropriated Profit carried forward	1,067	1,986
	=====	=====

The annexed notes form an integral part of these accounts.

**RAFIQ M. HABIB**  
Chairman

**ALI S. HABIB**  
Director

**S.Z. KAZMI**  
Chief Executive

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

	<i>1999</i> <i>Rs. '000</i>	<i>1998</i> <i>Rs. '000</i>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Taxation	70,729	63,322
Adjustments for:		
Depreciation	8,114	7,634
Gratuity	69	81
Interest Income	(4,546)	(7,815)
Interest/Mark-up expenses	22,916	12,192
Profit on sale of Fixed Assets	(648)	(185)
Loss on Investment	--	714
	-----	-----
	25,905	12,621
	-----	-----
Operating Profit before working capital changes	96,634	75,943
	=====	=====
<b>Change in Working Capital (Increase)/decrease in current assets</b>		
Stores and spares	(2,147)	(255)
Stock-in-trade	(109,833)	(67,591)
Trade Debts	(13,562)	(36,745)
Loans and advances	3,287	(801)
Deposits and Prepayments	(1,203)	1,588
Other receivables	(2,121)	(1,360)
	-----	-----
	(125,579)	(105,164)
<b>Increase/(decrease) in current liabilities</b>		
Creditors, accrued and other liabilities excluding dividend, mark-up & interest	43,865	(28,581)
Short term Running finance	71,372	67,728
	-----	-----
	115,237	39,147
	-----	-----
	(10,342)	(66,017)
	-----	-----
<b>Cash generated from operations</b>	86,292	9,926
	-----	-----
Mark-up/interest paid	(21,922)	(8,977)
Income Tax refund received	8,586	1,200
Income Tax paid	(42,198)	(34,494)
	-----	-----
	(55,534)	(42,271)
	-----	-----
Net cash generated from operations	30,758	(32,345)
	-----	-----

	<b>1999</b> <b>Rs. '000</b>	<b>1998</b> <b>Rs. '000</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(14,305)	(5,304)
Sale proceeds of fixed assets	1,905	608
Investments	(20,162)	--
	-----	-----
Net cash used in Investing activities	(32,562)	(4,696)
	-----	-----
	(1,804)	(37,041)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term loan instalments paid	(281)	(1,125)
Dividend paid	(23,945)	(37,129)
Long term loans and deposits	(230)	(343)
Interest Income received	4,546	7,815
	-----	-----
Net cash used in Financing activities	(19,910)	(30,782)
	-----	-----
Net (decrease)in cash and cash equivalents	(21,714)	(67,823)
Cash and cash equivalents at the beginning	25,476	93,299
	-----	-----
Cash and cash equivalents at the end of the year	3,762	25,476
	=====	=====

**RAFIQ M. HABIB**  
Chairman

**ALI S. HABIB**  
Director

**S.Z. KAZMI**  
Chief Executive

## Notes to the Accounts for the year ended June 30, 1999

### 1. COMPANY AND ITS BUSINESS

The Company was incorporated in Pakistan in the year 1973. Its shares are quoted on the Stock Exchanges of Karachi and Lahore. The Principal business activities of different divisions of the Company are as follows:

<i>Division</i>	<i>Principal Activities</i>	<i>Location of Undertaking</i>	<i>Commencement of Commercial Production</i>
1. Balochistan Laminates	Formite Sheets and Laminates Manufacturing	Hub Chowki, Balochistan.	January 1, 1981
2. Stepped-end	Papersack Manufacturing	Hub Chowki, Balochistan.	April 1, 1986
3. Forest Products Division	Furniture	Hub Chowki, Balochistan.	July 1, 1987

### 2. ACCOUNTING POLICIES

#### 2.1 Accounting Convention

The Accounts of the Company are prepared on historical cost convention, modification there to, if any, are stated.

#### 2.2 Taxation

The charge for current taxation is based on Taxable Income at the current rates of taxation after considering admissible tax credits and rebates, if any.

The Company provides for deferred tax liability arising on all material timing differences

using the liability method.

### 2.3 Employees Retirement Gratuity

The Company provides for gratuity payable to its Employees who are eligible under the scheme and/or who are not members of the Staff Provident Fund.

### 2.4 Tangible Fixed Assets

These are stated at cost less accumulated depreciation except freehold land and capital work-in-progress which are stated at cost. Depreciation is provided on reducing balance method at the rate specified in Note No. 9 whereby the cost of an asset is written off over its estimated useful life. Depreciation is provided for whole year irrespective of their date of purchase while no depreciation is charged on disposals/deletions during the year.

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

Major renewals and improvements are capitalised and assets so replaced, if any are retired.

Profit or loss on disposal of Fixed Assets is included in income currently.

### 2.5 Investment

Investment is stated at cost. No adjustment for market value/break-up value as on the balance sheet date is made in the accounts.

### 2.6 Stores, Spares and Stock-in-Trade

These are valued as follows:

Stores and Spares	- At cost on FIFO basis.
Raw Material - in Stock	- At average cost.
- in Transit	- At actuals.
Finished Goods	- At lower of average cost or net realisable value.
Work-in-Process	- At average cost of Raw Material.
Stock out of Inter-Division	- At selling price less normal Gross Profit.
Transfers	

### 2.7 Trade Debts

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

### 2.8 Revenue Recognition

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

### 2.9 Accounting for Leases

Lease rentals of assets acquired under operating lease arrangements are charged to profit.

## 3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

<i>1999</i>	<i>1998</i>	<i>1998</i>	<i>1998</i>
		<i>Rs. '000</i>	<i>Rs. '000</i>
1,240,000	1,240,000	6,200	6,200
	Ordinary shares of Rs. 5/-each fully paid-up issued for cash		
650,000	650,000	3,250	3,250
	Ordinary shares of Rs. 5/-each fully paid-up issued for consideration other than cash		
11,908,512	11,908,512	59,543	59,543
	Ordinary shares of Rs. 5/- each issued as fully paid Bonus Shares		
----- 13,798,512 =====	----- 13,798,512 =====	----- 68,993 =====	----- 68,993 =====

	<i>1999</i> <i>Rs. '000</i>	<i>1998</i> <i>Rs. '000</i>
<b>4. GENERAL RESERVE</b>		
As on July 01,	184,000	164,000
Transferred from Profit and Loss Account	25,000	20,000
	-----	-----
	209,000	184,000
	=====	=====
<b>5. DEFERRED LIABILITIES</b>		
Gratuity	487	418
Deferred Taxation	7,100	6,600
	-----	-----
	7,587	7,018
	=====	=====
<b>6. SHORT TERM &amp; RUNNING FINANCE UTILISED UNDER MARK-UP ARRANGEMENTS (SECURED)</b>		
Running Finance from Scheduled Banks	153,722	95,176
Short Term Finance from Schedule Banks	20,164	7,338
Short Term Finance from Habib Cooperative Credit Society Ltd.	4,900	4,900
	-----	-----
	178,786	107,414
	=====	=====

Aggregate facility available to the Company is Rs. 189 million (1998 - Rs. 154 million).

**Rate of Mark-up:**

Mark-up rate charged by scheduled banks varies between 43 paisa and 54 paisa per thousand rupees on daily products basis.

Mark-up on short term finance taken from Habib Cooperative Credit Society Ltd. is 13% p.a.

**Security:**

These facilities are secured by hypothecation and pledge of imported material and finished stocks.

**7. CREDITORS, ACCRUED AND OTHER LIABILITIES**

Creditors - Associated Undertakings	16,475	10,307
- Others	32,358	35,613
Accrued Liabilities	7,201	6,496
Advance from Customers	153	2,624
Interest accrued on Long Term Loan	--	16
Mark-up accrued on Running and Short Term Finance	6,298	5,288
Workers' Profit Participation Fund (7.1)	3,847	4,170
Workers' Welfare Fund	2,529	1,200
Unclaimed Dividend	1,350	1,147
Other Liabilities (7.2)	43,368	1,656
	-----	-----
	113,579	68,517
	=====	=====

	<i>1999</i> <i>Rs. '000</i>	<i>1998</i> <i>Rs. '000</i>
--	--------------------------------	--------------------------------

**7.1 Workers' Profit Participation Fund:**

Opening Balance	4,170	8,486
Allocation for the year	3,792	3,584
	-----	-----

	7,962	12,070
Interest on Fund utilised in Co's. business	152	531
	-----	-----
	8,114	12,601
	-----	-----
Less: Deposited with the Government	3,468	7,677
Paid to beneficiaries	799	754
	-----	-----
	4,267	8,431
	-----	-----
Closing Balance	3,847	4,170
	=====	=====
The above balance represents:		
- Allocation for the period	3,792	3,584
- Utilised by the Company	55	586
	-----	-----
	3,847	4,170
	=====	=====

**7.2 Other Liabilities:**

Custom Duty payable	43,097	1,373
PPCL Employees Provident Fund Trust	17	162
Tax deducted at source	104	121
Others	150	--
	-----	-----
	43,368	1,656
	=====	=====

<b>1999</b>	<b>1998</b>
<b>Rs. '000</b>	<b>Rs. '000</b>

**8. CONTINGENCIES & COMMITMENTS****Contingent Liabilities:**

Claim not acknowledged as debt (Note No. 8.1)	--	92
Tax Liability - For the years 1990 & 1991 (Note No. 8.2)	25,473	25,473

**Commitments:**

Guarantees (Note No. 8.3)	22,516	60,247
Lease rentals (Note No. 8.4)	652	1,286

8.1 The case has finally been settled on a payment of Rs. 0.014 million as against total demand of Rs. 0.092 million for the years 1981-83, raised by the Sindh Employees Social Security Institution, Karachi.

8.2 Income of Stepped-end Division had arbitrarily been treated as taxable by the Income Tax Officer for the years 1990 & 1991 assuming this Division as an expansion of Stramit System Division. The Income Tax Appellate Tribunal has rejected Tax Department's plea and allowed exemption to Stepped-end Division. The learned Tribunal has also rejected their application for reference in the High Court there being no point of law. The Department, however has now filed a point of law in the High court of Sindh directly after rejection of their application by the Income Tax Appellate Tribunal. The Company is confident that even in superior courts the matter will be decided in its favour. Hence no provision for taxation for the years 1990 & 1991 has been made.

8.3 Issued in favour of various cement companies and Collector of Customs for the performance of selling contracts and as required under Customs Rules respectively.

8.4 Payable to Leasing Companies - against Operating Lease of vehicles, machinery and equipments are as follows:

1998- 1999	--	634
1999- 2000	489	489
2000- 2001	163	163
	-----	-----
	652	1,286
	=====	=====

**9. FIXED ASSETS***(Rupees in '000)*

PARTICULARS	COST			Total as on 30.6.99	RATE %	DEPRECIATION				
	As on 1.7.1998	Additions/ Transfers	Disposals & Transfers			Upto 1.7.1998	On Disposals & Transfers	For the year	Total as on 30.6.99	W.D.V. as on 30.6.99
Freehold Land	1,296	--	--	1,296	--	--	--	--	--	1,296
Factory Building on Freehold Land	30,934	--	--	30,934	10	22,809	--	813	23,622	7,312
Plant and Machinery	99,213	411	--	99,624	10	69,601	--	3,002	72,603	27,021
Office and Factory Equipments	12,224	1,665	66	13,823	10	6,691	20	715	7,386	6,437
Furniture and Fixtures	3,636	347	--	3,983	10	2,377	--	161	2,538	1,445
Motor Vehicles	26,481	7,578	4,429	29,630	20	15,736	3,218	3,423	15,941	13,689
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
1999	173,784	10,001	4,495	179,290		117,214	3,238	8,114	122,090	57,200
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
1998	170,182	5,134	1,532	173,784		110,689	1,109	7,634	117,214	56,570
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

Depreciation charge has been allocated to:

	Stepped-end Division	Balochistan		Total 1999	Total 1998
		Laminates Division	Forest Products Division		
Manufacturing	3,954	2,074	1,154	7,182	6,860
Administration	697	235	--	932	774
	-----	-----	-----	-----	-----
	4,651	2,309	1,154	8,114	7,634
	=====	=====	=====	=====	=====

**9.1 DETAILS OF FIXED ASSETS DISPOSED OF***(Rupees in '000)*

PARTICULARS	COST	ACCUMULATED DEPRECIATION	W.D.V.	SALES PROCEEDS	PROFIT/ (LOSS)	MODE OF SALE	SOLD TO
<b>OFFICE EQUIPMENTS</b>							
Water Coller	8	5	3	2	(1)	Negotiation	Moona Corporation, 212 Hassan Chambers, Near Custom House, Karachi.
Airconditioners-2 Nos.	36	15	21	10	(11)	-do-	Company employees.
-1 No.	22	--	22	10	(12)	-do-	Dr. S.A.H. Zaidi, R-812/20, F.B. Area, Karachi.
<b>MOTOR VEHICLES</b>							
Honda Civic-B6645	355	301	54	54	--	Company Scheme	Mr. Iqbal A. Rehman, Ghandara House, B/8 K.D.A. Scheme No. 1, Karachi
Toyota Corolla AAX-052	727	262	465	700	235	Theft Claim	Habib Insurance Company Limited.
Suzuki Pick-up - LS 8301	70	65	5	25	20	Company Scheme	Mr. Fazal Hussain, Company employee.
Toyota Corolla - V 8691	543	383	160	190	30	-do-	Mr. S.M.A. Naqvi, Company employee.
Toyota Corolla -V 8042	543	383	160	216	56	-do-	Mr. Malik Muhammad Hayat, Company employee.
Nissan Sunny - R 7911	340	289	51	74	23	-do-	Mr. Ather Pervaiz, Company employee.
Suzuki FX - J 0731	54	51	3	10	7	Tender	Mr. Murtaza Pooya, House No. 25, Street No. 30, F-8/1, Islamabad.
Toyota Land Cruiser BA - 2463	550	467	83	200	117	-do-	Mr. Muhammad Ali, 12/56 Hajiyani Karima Bai Bldg., Aslam Road, Dharami Street, Karachi.

Toyota Corona - U-0218	687	525	162	263	101	Company Scheme	Mr. S.Z. Kazmi, Company employee.
Mazda 323 - H1083	40	31	9	59	50	-do-	Mr. Waheed Ahmad, Company employee.
Toyota Corolla S-6821	240	195	45	62	17	-do-	Mr. Barkat Habib, Company employee.
Toyota Starlet-AA0056	140	133	7	15	8	Tender	Muhammad Bukhsh International, Street No. 40, House No. 297, F-10/4, Islamabad.
Toyota Starlet-192-639	140	133	7	15	8	-do-	Muhammad Bukhsh International, Street No. 40, House No. 297, F-10/4, Islamabad.
1999	4495	3,238	1,257	1,905	648		
1998	1,532	1,109	423	608	185		

**1999**                      **1998**  
**Rs. '000**                      **Rs. '000**

## 10. LONG TERM INVESTMENTS

### 10.1 In Subsidiary Company - Unquoted

199,700 Shares of Noble Computer Services (Pvt.)

Ltd., of Rs. 5/- each (Equity held 99.85%).

Net aggregate value of investments

based on the net assets shown in the audited

accounts for the year ended June 30, 1999

Rs. 6.833 million (1998 Rs. 7.474 million)

Chief Executive: Mr. Tayyab Afzal

999                      999

### 10.2 In fully paid Ordinary Shares of Associated Undertakings

<b>1998</b>	<b>1999</b>			
355,693	391,262	Shares of Shabbir Tiles and Ceramics Ltd., of Rs. 5/- each	1,045	1,045
314,226	314,226	Shares of Dyno Pakistan Ltd., of Rs. 5/- each	900	900
1,013,000	1,013,000	Shares of Agriauto Industries Ltd., of Rs. 5/- each	5,442	5,442
3,260,000	3,260,000	Shares of Indus Motor Company Ltd., of Rs. 10/- each	32,600	32,600
			39,987	39,987
		Aggregate Market value as on June 30, 1999 Rs. 49.419 million (1998 Rs. 32.225 million)		

### 10.3 In fully paid Ordinary Shares of other Quoted Company:

157,141	157,141	Shares of Balochistan Glass Ltd., of Rs. 5/- each	714	714
		Less provision for the diminution in investment value	(714)	(714)
			--	--

### 10.4 Investment with Robert Finance Corporation AG:

Term Deposit on fiduciary basis at an annual interest rate of 3.95% above LIBOR less fiduciary commission of 0.25% maturing on May 30, 2000

41,287                      41,287

### 10.5 Investment in US \$ Bonds'

Foreign currency account (DM 0.749 million) frozen by the Federal Government have been converted to US\$ Bonds (US 0.438 million)

as announced by GoP. The Investment carries an interest rate of LIBOR + 2%, receivable hi-annually.

	20,162	--
	-----	-----
	102,435	82,273
	=====	=====

<b>1999</b>	<b>1998</b>
<b>Rs. '000</b>	<b>Rs. '000</b>

#### 11. LONG TERM LOANS Unsecured - considered good

To employees	145	151
Less: Recoverable within one year	67	74
	-----	-----
	78	77
	=====	=====

Outstanding for a period exceeding three years  
Rs. Nil (1998- Rs. Nil)

#### 12. STORES & SPARES

Stores	2,455	1,580
Spares	9,058	7,786
	-----	-----
	11,513	9,366
	=====	=====

#### 13. STOCK-IN-TRADE

Raw Material - in Stock	186,114	113,227
-in Transit	32,625	1,777
Finished Stock	17,985	23,835
Trading Stock	11,948	--
	-----	-----
	248,672	137,839
	=====	=====

#### 14. TRADE DEBTS Unsecured

Considered good	116,431	102,869
Considered doubtful	5,601	3,317
	-----	-----
	122,032	106,186
Less: doubtful debts	5,601	3,317
	-----	-----
	116,431	102,869
	=====	=====

The Maximum aggregate amount due from associated undertaking at the end of any month during the year was Rs. 0.124 million (1998 - Rs. 0.383 million).

<b>1999</b>	<b>1998</b>
<b>Rs. '000</b>	<b>Rs. '000</b>

#### 15. LOANS AND ADVANCES - Unsecured-considered good

Advances:		
Against expenses	215	285
To Suppliers/contractors	4,633	8,458
To Employees	374	623
Income Tax	36,098	24,486
Sales Tax	5,643	4,247
Excise Duty	1,488	1,331
Others	321	1,010
	-----	-----
Current portion of long term loans and advances	67	74

48,839	40,514
=====	=====

**16. DEPOSITS & PREPAYMENTS**

Deposits	1,830	151
Prepayments	959	1,435
	-----	-----
	2,789	1,586
	=====	=====

**17. OTHER RECEIVABLES**

Octroi Refundable	2,960	1,085
Rebate on Exports Receivable	1,924	1,628
Other Receivables	234	284
	-----	-----
	5,118	2,997
	=====	=====

**18. SHORT TERM INVESTMENTS**

Habib Modaraba Management Limited	--	7,500
	-----	-----

**19. CASH AND BANK BALANCES**

Cash in Hand	91	338
With Banks-in Current Accounts	3,665	816
--in Foreign Currency Deposit Accounts		
US\$ 51 (1998 -US\$ 51)	2	2
DM 158 (1998 - DM 737,659)	4	16,820
	-----	-----
	3,762	17,976
	=====	=====

**20. SALES***(Rupees in '000)*

PARTICULARS	1999				1998			
	Steppedend Division	Balochistan Laminates Division	Forest Products Division	Total	Steppedend Division	Balochistan Laminates Division	Forest Products Division	Total
Sales-Local	531,062	324,714	3,694	859,470	473,587	282,648	3,780	760,015
- Export	6,871	16,021	--	22,892	7,846	9,519	--	17,365
	-----	-----	-----	-----	-----	-----	-----	-----
	537,871	340,735	3,694	882,362	481,433	292,167	3,780	777,380
Excise Duty	--	7,796	--	7,796	19,573	7,997	--	27,570
Sales Tax	64,641	42,347	255	107,243	52,625	31,660	258	84,543
	-----	-----	-----	-----	-----	-----	-----	-----
	64,641	50,143	255	115,039	72,198	39,657	258	112,113
	-----	-----	-----	-----	-----	-----	-----	-----
	473,292	290,592	3,439	767,323	409,235	252,510	3,522	665,267
Commission to Selling Agents	--	53	--	53	--	43	--	43
	-----	-----	-----	-----	-----	-----	-----	-----
Net Sales	473,292	290,539	3,439	767,270	409,235	252,467	3,522	665,224
	=====	=====	=====	=====	=====	=====	=====	=====

**21. COST OF GOODS SOLD***(Rupees in '000)*

1999

1998

<b>PARTICULARS</b>	<b>Steppedend Division</b>	<b>Balochistan Laminates Division</b>	<b>Forest Products Division</b>	<b>Total</b>	<b>Steppend Division</b>	<b>Balochistan Laminates Division</b>	<b>Forest Products Division</b>	<b>Total</b>
Raw Material Consumed (21.1)	318,782	236,274	2,649	557,705	284,495	200,441	2,400	487,336
Manufacturing Expenses (21.2)	25,540	29,272	2,773	57,585	18,950	28,158	2,784	49,892
	344,322	265,546	5,422	615,290	303,445	228,599	5,184	537,228
Work-in-Process-Opening	--	--	--	--	--	--	4	4
Work-in-Process-Closing	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	4	4
Cost of Manufacturing	344,322	265,546	5,422	615,290	303,445	228,599	5,188	537,232
Finished Goods-Opening	4,506	19,329	--	23,835	7,030	21,058	--	28,088
Finished Goods-Closing	(5,446)	(12,394)	(145)	(17,985)	(4,506)	(19,329)	--	(23,835)
	(940)	6,935	(145)	5,850	2,524	1,729	--	4,253
<b>COST OF GOODS SOLD</b>	<b>343,382</b>	<b>272,481</b>	<b>5,277</b>	<b>621,140</b>	<b>305,969</b>	<b>230,328</b>	<b>5,188</b>	<b>541,485</b>

**21.1 RAW MATERIAL CONSUMED**

(Rupees in '000)

<b>PARTICULARS</b>	<b>1999</b>				<b>1998</b>			
	<b>Steppedend Division</b>	<b>Balochistan Laminates Division</b>	<b>Forest Products Division</b>	<b>Total</b>	<b>Steppend Division</b>	<b>Balochistan Laminates Division</b>	<b>Forest Products Division</b>	<b>Total</b>
Opening Stock	67,418	45,246	563	113,227	8,318	33,717	690	42,725
Purchases	385,123	242,820	2,649	630,592	343,595	211,970	2,273	557,838
Closing stock	(133,759)	(51,792)	(563)	(186,114)	(67,418)	(45,246)	(563)	(113,227)
	318,782	236,274	2,649	557,705	284,495	200,441	2,400	487,336

**21.2 MANUFACTURING EXPENSES**

(Rupees in '000)

<b>PARTICULARS</b>	<b>1999</b>				<b>1998</b>			
	<b>Steppedend Division</b>	<b>Balochistan Laminates Division</b>	<b>Forest Products Division</b>	<b>Total</b>	<b>Steppend Division</b>	<b>Balochistan Laminates Division</b>	<b>Forest Products Division</b>	<b>Total</b>
Salaries, Wages and other benefits	11,075	9,895	794	21,764	8,086	9,809	736	18,631
Electricity, gas and water	1,785	12,470	611	14,866	1,470	10,946	602	13,018
Rent, Rates and Taxes	141	117	54	312	59	143	54	256
Insurance	951	525	68	1,544	633	451	63	1,147
Postage Telegram, Telephone and Telex	205	254	--	459	194	223	--	417
Printing and Stationery	48	167	1	216	12	107	--	119
Travelling and Conveyance	49	262	35	346	437	97	15	549
Subscription	47	--	--	47	60	3	--	63
Advertisement	--	--	--	--	--	5	--	5
Entertainment	65	--	--	65	51	--	--	51
Research and Development	--	31	--	31	--	3	--	3
Handling, Storage and Transportation	53	334	--	387	202	350	--	552
Vehicle running expenses	474	389	--	863	616	288	--	904
Repairs and Maintenance	2,525	306	56	2,887	574	240	29	843

Stores and Spares consumed	2,059	2,426	--	4,485	1,443	3,255	--	4,698
Contract baling and other mfg. expenses	2,109	22	--	2,131	1,757	19	--	1,776
Depreciation	3,954	2,074	1,154	7,182	3,356	2,219	1,285	6,860
<b>TOTAL</b>	<b>25,540</b>	<b>29,272</b>	<b>2,773</b>	<b>57,885</b>	<b>18,950</b>	<b>28,158</b>	<b>2,784</b>	<b>49,892</b>

**22. OPERATING RESULTS***(Rupees in '000)*

<b>PARTICULARS</b>	<b>1999</b>				<b>1998</b>			
	<b>Steppedend Division</b>	<b>Balochistan Laminates Division</b>	<b>Forest Products Division</b>	<b>Total</b>	<b>Steppedend Division</b>	<b>Balochistan Laminates Division</b>	<b>Forest Products Division</b>	<b>Total</b>
Net Sales (Note 20)	473,292	290,539	3,439	767,270	409,235	252,467	3,522	665,224
Cost of Goods Sold (Note 21)	343,382	272,481	5,277	621,140	305,969	230,328	5,188	541,485
Gross Profit/(Loss) on Manufacturing	129,910	18,058	(1,838)	146,130	103,266	22,139	(1,666)	123,739
Administrative Expenses (Note 23)	32,270	7,478	192	39,940	27,199	8,557	126	35,882
Selling & Distribution Exp. (Note 24)	11,700	7,669	228	19,597	7,854	8,549	214	16,617
	43,970	15,147	420	59,537	35,053	17,106	340	52,499
Operating Profit	85,940	2,911	(2,258)	86,593	68,213	5,033	(2,006)	71,240

**23. ADMINISTRATIVE EXPENSES***(Rupees in '000)*

<b>PARTICULARS</b>	<b>1999</b>				<b>1998</b>			
	<b>Steppedend Division</b>	<b>Balochistan Laminates Division</b>	<b>Forest Products Division</b>	<b>Total</b>	<b>Steppedend Division</b>	<b>Balochistan Laminates Division</b>	<b>Forest Products Division</b>	<b>Total</b>
Salaries, Wages and other benefits	13,104	3,763	111	16,978	11,182	4,272	90	15,544
Electricity, gas and water	1,050	506	--	1,556	995	661	--	1,656
Rent, Rates and Taxes	1,309	493	--	1,802	495	407	--	902
Insurance	1,273	9	--	1,282	940	26	--	966
Postage, Telegram, Telephone and Telex	1,745	779	1	2,525	1,549	956	1	2,506
Printing and Stationery	464	157	--	621	292	206	--	498
Travelling and Conveyance	2,957	285	--	3,242	2,715	634	--	3,349
Subscription	397	40	--	437	349	44	--	393
Entertainment	514	--	--	514	1,031	--	--	1,031
Vehicle running expenses	1,886	314	--	2,200	1,204	386	15	1,605
Repairs and Maintenance	1,458	60	--	1,518	2,349	116	--	2,465
Computer service charges	643	366	--	1,009	500	374	--	874
Advertisement and Publicity	142	14	--	156	84	14	--	98
Donation (23.1)	422	81	--	503	205	66	--	271
Auditors' Remuneration (23.2)	75	--	--	75	66	--	--	66
Legal and Professional charges	1,765	--	80	1,845	1,664	--	20	1,684
Depreciation	697	235	--	932	592	182	--	774
Vehicle lease rentals	80	376	--	456	268	213	--	481
Directors' Fee	5	--	--	5	5	--	--	5
Provision for doubtful debts	2,284	--	--	2,284	--	--	--	--
Provision for diminution in investment value	--	--	--	--	714	--	--	714
	32,270	7,478	192	39,940	27,199	8,557	126	35,882

**23.1 DONATION**

An amount of Rs. 0.305 million (1998 Rs. 0.120 million) has been donated to Mohammedali Habib Welfare Trust in which two of the Company's Directors are trustees.

**23.2 AUDITORS' REMUNERATION**

	<i>1999</i> <i>Rs. '000</i>	<i>1998</i> <i>Rs. '000</i>
Audit fee	70	60
Out of Pocket Expenses	5	6
	-----	-----
	75	66
	=====	=====

**24. SELLING AND DISTRIBUTION EXPENSES**

*(Rupees in '000)*

<i>PARTICULARS</i>	<i>1999</i>				<i>1998</i>			
	<i>Steppedend Division</i>	<i>Balochistan Laminates Division</i>	<i>Forest Products Division</i>	<i>Total</i>	<i>Steppedend Division</i>	<i>Balochistan Laminates Division</i>	<i>Forest Products Division</i>	<i>Total</i>
Salaries, Wages and other benefits	2,552	3,116	--	5,668	2,091	3,169	--	5,260
Electricity, Gas and Water	94	--	--	94	81	--	--	81
Rent, Rates and Taxes	229	79	--	308	32	47	--	79
Insurance	106	--	19	125	18	--	17	35
Postage, Telegram, Telephone & Telex	648	42	--	690	247	302	--	549
Printing and Stationery	63	--	2	65	10	--	--	10
Travelling and Conveyance	435	376	24	835	576	347	20	943
Subscription	57	5	--	62	16	1	--	17
Entertainment	26	117	--	143	14	117	--	131
Cartage	5,390	1,639	91	7,120	3,424	1,801	57	5,282
Vehicle running expenses	251	543	80	874	193	486	61	740
Repairs and Maintenance	476	10	--	486	70	79	--	149
Legal and Professional charges	--	--	--	--	--	5	--	5
Advertisement and Publicity	321	543	--	864	148	1,007	--	1,155
Sales promotion expenses	111	--	12	123	127	--	57	184
Export expenses	863	1,020	--	1,883	800	758	--	1,558
Tender expenses	7	--	--	7	7	--	--	7
Vehicle lease rentals	71	179	--	250	--	424	--	424
Miscellaneous expenses	--	--	--	--	--	6	2	8
	-----	-----	-----	-----	-----	-----	-----	-----
	11,700	7,669	228	19,597	7,854	8,549	214	16,617
	=====	=====	=====	=====	=====	=====	=====	=====

**25. TRADING PROFIT / (LOSS)**

	<i>1998</i> <i>Rs. '000</i>	<i>1999</i> <i>Rs. '000</i>
Sales	10,648	6,081
Cost of Sales	--	--
Opening Stock	--	--
Add: Purchases	21,422	5,520
	-----	-----
Total Available	21,422	5,520
Less - Closing Stock	11,948	--
	-----	-----
	9,474	5,520
	-----	-----
Gross Profit	1,174	561
Administrative & Selling Expenses	1,489	908

Net (Loss)	(315)	(347)
<b>26. OTHER INCOME</b>		
Dividend Income (26.1)	5,246	5,442
Sale of scrap and waste	18	30
Profit on sale of assets	648	185
Interest Income	386	2,585
Income on Foreign currency account	4,160	5,230
Duty Drawback	2,768	--
	13,226	13,472
<b>26.1 DIVIDEND INCOME:</b>		
From Associated Undertakings		
Indus Motor Company Ltd.	4,890	4,890
Shabbir Tiles & Ceramics Ltd.	356	356
Dyno Pakistan Limited	--	196
	5,246	5,442
<b>27. FINANCIAL EXPENSES</b>		
Interest on Long Term Loan	--	134
Interest on Short Term & Running Finance	22,764	11,661
Bank Charges and Commission	738	889
Interest on Workers' Profit Participation Fund	152	531
	23,654	13,215
<b>28. OTHER CHARGES</b>		
Workers' Profit Participation Fund	3,792	3,584
Workers' Welfare Fund		
- Current year	1,329	1,200
- Prior year	--	(41)
	5,121	4,743

**29. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND OTHER EXECUTIVES**

The aggregate amount charged in the accounts for the year for fees and remuneration including certain benefits to the Directors, Chief Executive and other Executives of the Company were as follows -

	1999			1998		
	Directors	Chief Executive	Executives	Directors	Chief Executive	Executives
<i>No. of persons</i>	5	1	32	5	1	27
Directors Fee	5	--	--	5	--	--
Remuneration	--	600	11,522	--	414	8,983
Housing	--	270	2,518	--	186	1,907
Contribution to provident fund	--	50	500	--	35	531
Medical expenses	--	16	566	--	83	352
Utilities	--	87	672	--	73	602
Rs. '000s	5	1023	15,778	5	791	12,375

Two Directors, the Chief Executive and the Executives (who are eligible under the company rules) are provided Company's maintained car.

	<b>1999</b>	<b>1998</b>
	<b>Rs. '000</b>	<b>Rs. '000</b>

**30. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS**

Services rendered by associated undertakings	891	723
Goods purchased	16,475	29,106
Vehicles purchased	3,675	869
Dividend received	5,246	5,442
Goods sold	465	996

**31. PRODUCTION CAPACITY**

	<i>Stepped-end Division</i>		<i>Balochistan Laminates Division</i>	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
	<i>Paperbags (Million)</i>		<i>Sheets (Million)</i>	
Capacity of Production	100.00	100.00	0.600	0.600
Actual Production	43.00	39.16	0.525	0.566

Low production due to low demand.

Production of Forest Products Division is not measurable in units.

**32. TOTAL ASSETS DIVISION-WISE**

<i>DIVISIONS</i>			<i>(Rupees in '000)</i>	
	<i>1999</i>	<i>%</i>	<i>1998</i>	<i>%</i>
Stepped-end Division	319,938	53.05	208,173	45.01
Balochistan Laminates Division	166,228	27.56	154,268	33.37
Forest Products Division	14,559	2.41	17,643	3.82
Investments	102,435	16.98	82,273	17.80
Total	603,160	100.00	462,357	100.00

**33. GENERAL**

34.1 Figures of the previous year have been re-arranged wherever necessary to facilitate comparison.

34.2 Figures have been rounded off to the nearest thousand of rupees.

**PATTERN OF SHAREHOLDINGS AS AT 30.6.1999**

<i>NUMBER OF SHAREHOLDERS</i>	<i>SHARE HOLDINGS RS. 5/- EACH</i>		<i>TOTAL SHARES HELD</i>	
666	1	--	100	24,955
664	101	--	500	172,358
230	501	--	1,000	178,713
337	1,001	--	5,000	729,474
44	5,001	--	10,000	320,242
15	10,001	--	15,000	193,420
6	15,001	--	20,000	106,032
14	20,001	--	25,000	321,940
11	25,001	--	30,000	302,581
3	30,001	--	35,000	92,021
3	35,001	--	40,000	110,100
1	40,001	--	45,000	44,000
1	45,001	--	50,000	47,451
1	65,001	--	70,000	69,100
2	75,001	--	80,000	153,691
3	85,001	--	90,000	263,261
4	95,001	--	100,000	385,800

3	105,001	--	110,000	327,400
1	110,001	--	115,000	113,358
1	115,001	--	120,000	118,292
1	120,001	--	125,000	120,488
1	125,001	--	130,000	129,262
1	130,001	--	135,000	131,414
2	145,001	--	150,000	293,622
4	240,001	--	245,000	979,867
1	265,001	--	270,000	267,696
1	3,055,001	--	3,060,000	3,056,454
1	4,745,001	--	4,750,000	4,745,520
-----				-----
2,022				13,798,520
=====				=====

<i>CATEGORIES OF SHAREHOLDERS</i>	<i>NUMBER OF SHAREHOLDERS</i>	<i>SHARES HELD</i>	<i>PERCENTAGE %</i>
1. Individuals	1,993	3,817,326	27.664
2. Investment Companies	1	26,017	0.189
3. Insurance Companies	6	655,722	4.752
4. Joint Stock Companies	11	421,281	3.053
5. Financial Institutions	1	3,056,454	22.151
6. Modaraba Companies	--	--	--
7. Foreign Investors	6	5,794,487	41.994
8. Co-operative Societies	2	1,827	0.013
9. Charitable Trusts	1	21,898	0.159
10. Others	1	3,500	0.025
-----			
TOTAL	2,022	13,798,512	100.000
=====			

## **NOBLE COMPUTER SERVICES (PVT.) LIMITED**

### **SIXTEENTH REPORT OF THE DIRECTORS FOR THE YEAR ENDED JUNE 30, 1999.**

The Shareholders,

Your Directors submit their Sixteenth Annual Report on the affairs of the Company for the year ended June 30, 1999.

#### **SALE OF SOFTWARE BUSINESS**

On September 01, 1998 the Company sold its software business. For well over a year prior to taking this decision the Company had been suffering from continuous staff attrition. There was at that time a great demand for Information Technology trained staff overseas and most of our experienced staff left to go abroad. As a result of this, the high standard of work we have always maintained, was beginning to erode and could have led to client dissatisfaction. In order to provide continuation of service, the Directors decided to dispose this part of the business.

The sale of the software business was effected through Noble Software Services (Private) Limited, a subsidiary company, the entire holding of shares of which were sold to Pakistan Software Services (Private) Limited, a member firm of KPMG International.

Severance pay to a number of staff was an unanticipated expense that had to be incurred.

#### **SALE OF SHARES OF COMPUTER PRODUCTS CORPORATION (PRIVATE) LIMITED**

Subsequent to the discontinuation of the software business and to concentrate in its core business, it was also decided to get out of the computer products business. Accordingly the entire holding of shares in Computer Products Corporation (Private) Limited was sold to the Chief Executive Officer of that Company.

#### **SHARE REGISTRAR SERVICES AND SHARE FLOATATION BUSINESS**

The company continued with its Share Registrar Services and Share Flotation / TFC Flotation, which was very depressed during the year under review. The deposit of share certificates into the Central Depository Corporation has sustained the revenues during this period.

**FINANCIAL PERFORMANCE**

The loss before provision for taxation for the year under review amounted to Rs. 0.322 million as compared to the : profit in the previous year amounting to Rs. 1.727 million.

The particulars of appropriation of profit for the year under review are detailed below:

	<i>1999</i> <i>Rupees</i> <i>'000s</i>	<i>1999</i> <i>Rupees</i> <i>'000s</i>
Net Profit / (Loss) from operations for the year	(624)	1,334
Add: Other Income	302	393
	-----	-----
Profit/(Loss) before taxation	(322)	1,727
Less:		
Provision for Income Tax (current/prior year)	290	1,082
	-----	-----
Accumulated Profit brought forward	(612) 4,610	645 3,965
	-----	-----
Accumulated Profit carried forward	3,998	4,610
	=====	=====

It is expected that the company will re-assert its profitability in the coming year.

**On behalf of the Board**

**Ali S. Habib**  
**Chairman.**

Karachi: September 23, 1999.

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of NOBLE COMPUTER SERVICES (PVT.) LIMITED as at June 30, 1999 and the related Profit and Loss Account together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and, after due verification thereof, we report that ·

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

(b) in our opinion,

i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of 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 and the Profit and Loss Account together with the notes thereto, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1999 and of the Loss for the year then ended; and

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

Karachi: September 23, 1999.

**HYDER BHIMJI & CO.**  
**Chartered Accountants.**

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

	<i>Note</i>	<i>1999</i> <i>Rupees</i> <i>'000s</i>	<i>1998</i> <i>Rupees</i> <i>'000s</i>
<b>AUTHORISED CAPITAL</b>			
2,000,000 Ordinary Shares of Rs. 5/- each		10,000	10,000
		=====	=====
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
200,000 Ordinary Shares of Rs. 5/- each fully paid-up issued for cash		1,000	1,000
<b>RESERVE AND SURPLUS</b>			
General Reserve - Revenue		1,875	1,875
Un-appropriated Profit		3,998	4,610
		-----	-----
		5,873	6,485
		-----	-----
		6,873	7,485
<b>CURRENT LIABILITIES</b>			
Short Term Running Finance	3	--	1,704
Advance against Services		--	34
Creditors, Accrued Expenses and Other Liabilities	4	948	3,274
		-----	-----
		948	5,012
<b>COMMITMENTS</b>			
	5		
		-----	-----
		7,821	12,497
		=====	=====
<b>TANGIBLE FIXED ASSETS</b>			
	6	1,280	1,752
<b>LONG TERM INVESTMENTS</b>			
	7	--	1,000
<b>CURRENT ASSETS</b>			
Computer Supplies-(At Cost)		65	88
Investments	8	1,500	3,326
Trade Debts	9	943	3,053
Loans, Advances, Deposits, Prepayments and Other Receivables	10	1,990	3,110
Cash and Bank Balances	11	2,043	168
		-----	-----
		6,541	9,745
		-----	-----
		7,821	12,497
		=====	=====

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

Karachi: September 23, 1999.

**TAYYAB AFZAL**  
**Chief Executive**

**KERSI D. KAPADIA**  
**Director**

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

	<i>Note</i>	<i>1999</i> <i>Rupees</i> <i>'000s</i>	<i>1998</i> <i>Rupees</i> <i>'000s</i>
<b>INCOME</b>			
Sales and Services		16,865	29,530
Less: Cost of Sales	12	1,181	2,226
		-----	-----
Gross Profit		15,684	27,304
<b>OPERATING AND FINANCIAL EXPENSES</b>			
Administrative, General & Selling Expenses	13	16,232	25,711
Financial Expenses	14	76	259
		-----	-----
		16,308	25,970
		-----	-----
Operating Profit / (Loss)		(624)	1,334
Other Income	15	302	393
		-----	-----
Profit/(Loss) before Taxation		(322)	1,727
Provision for Taxation			
For Current year		169	800
For Prior year		121	282
		-----	-----
		290	1,082
		-----	-----
Profit / (Loss) after Taxation		(612)	645
Accumulated Profit brought forward		4,610	3,965
		-----	-----
Accumulated Profit carried forward		3,998	4,610
		=====	=====

The annexed notes form an integral part of these accounts.

**TAYYAB AFZAL**  
Chief Executive

**KERSI D. KAPADIA**  
Director

Karachi: September 23, 1999.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1999****1. COMPANY AND ITS OPERATION**

The Company was incorporated in Pakistan as a Private Limited Company. The main business of the Company is to render Computer Services.

**2. SIGNIFICANT ACCOUNTING POLICIES****2.1 Accounting Convention**

In these accounts the term "Cost" signifies "Historical" Cost.

**2.2 Employees Retirement Benefit**

The Company operates a provident fund scheme for all the employees, who are eligible to the benefit. The payment is made to the trust in accordance with the provisions of the Companies Ordinance, 1984.

**2.3 Taxation**

The provision for current taxation is based on taxable income at the current rates of taxation after considering admissible tax credits and rebates, if any.

**2.4 Fixed Assets**

These are stated at cost less accumulated depreciation. Depreciation is charged to income applying the reducing balance method. Full year depreciation is charged on addition during the year and no depreciation is charged on Fixed Assets disposed of during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and assets so replaced, if any, are retired.

**2.5 Revenue Supplies**

These are valued at cost on first in first out basis.

**2.6 Revenue Recognition**

For Project jobs, service income is recorded on completion of jobs. For jobs of recurring nature, the service income is recorded on monthly basis. Income on investment is recorded when received.

**2.7 Accounting for leases**

As per previous practice lease rentals for assets acquired under operating lease arrangements are charged to income.

	<i>1999</i> <i>Rupees</i> <i>'000s</i>	<i>1998</i> <i>Rupees</i> <i>'000s</i>
<b>3. SHORT TERM RUNNING FINANCE</b>		
<b>Utilized under Mark-up Arrangement:</b>		
From Habib Bank AG Zurich	--	1,704
	=====	=====
<b>4. CREDITORS, ACCRUED EXPENSES</b>		
<b>AND OTHER LIABILITIES</b>		
Creditors	217	1,200
Accrued Expenses	722	601
Other Liabilities	9	1,473
	-----	-----
	948	3,274
	=====	=====

**5. COMMITMENTS**

Commitments for rentals under lease Agreements in respect of vehicles and equipments as at 30th June, 1999 comes to Rs. 0.252 million as per details below:

<i>Years</i>		
1998- 1999	--	4,469
1999- 2000	208	1,091
2000-2001	44	1,465
2001 -2002	--	669
	-----	-----
	252	7,694
	=====	=====

**6. TANGIBLE FIXED ASSETS**

<i>Particulars</i>	<i>COST</i>			<i>Rate</i> <i>%</i>	<i>Accumulated</i> <i>as on</i>	<i>DEPRECIATION</i>			<i>W.D.V.</i> <i>as on</i>
	<i>As on</i> <i>01.07.1998</i>	<i>Additions/</i> <i>(Deletions)</i>	<i>Total</i> <i>as on</i>			<i>For the</i> <i>year</i>	<i>(Disposal)</i> <i>Adjustment</i>	<i>Total</i> <i>as on</i>	

*(Rupees in '000s)*

	<b>30.06.1999</b>			<b>01-07-1998</b>		<b>on Sale</b>	<b>30.6.1999</b>	<b>30.6.1999</b>	
Electronic Data Processing Equipment - Office	1277	1,353 (1,232)	1,398	35	436	328	(134)	630	768
Furniture, Fixture and Fittings	1,120	171 (697)	594	10	630	27	(3030)	354	240
Motor Vehicles	286	534 (681)	139	20	206	14	(138)	86	130
Office Equipments	450	32 (266)	216	10	210	14	(138)	86	130
Electric Installation	80	-- (80)	--	10	50	--	(50)	--	--
Refrigeration & A. C. Equipments	175	171 (204)	142	10	112	8	(54)	66	76
Technical Books	1	(1)	--	20	1	--	(1)	--	--
Fire Fighting Equipments	17	(17)	--	10	10	--	(10)	--	--
Bicycle	2	(2)	--	20	1	--	(1)	--	--
	-----	-----	-----	-----	-----	-----	-----	-----	-----
1999	3,408	2,261	2,489		1,656	394	(841)	1,209	1,280
	-----	-----	-----	-----	-----	-----	-----	-----	-----
1998	2,876	611	3,408		1,477	206	(27)	1,656	1,752
	=====	=====	=====	=====	=====	=====	=====	=====	=====

**1999**  
**Rupees**  
**'000s**

**1998**  
**Rupees**  
**'000s**

## 7. LONG TERM INVESTMENTS

In Shares of Joint Stock subsidiary private companies:

24,996 Shares of Rs. 10/- each in

Noble. Software Services (Private)Limited

-- 250

149,985 Shares of Rs. 5/-each in Computer

Products Corporation (Pvt.) Limited

-- 750

-----  
-- 1,000

=====

## 8. INVESTMENTS

In Fixed Deposits-Habib Bank AG Zurich, Karachi

1,500 3,214

In Fixed Deposits - First International

Investment Bank Limited

-- 112

-----  
1,500 3,326

=====

**1999**  
**Rupees**  
**000s**

**1998**  
**Rupees**  
**000s**

## 9. TRADE DEBTS (Unsecured - Considered Good)

Associated Undertakings

336 792

Others

612 2,266

948 3,058

Less: Provision for Doubtful Debts

(5) (5)

-----  
943 3,053

=====

## 10. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Loans and Advances:

(Unsecured - Considered Good)

Loan to Staff	3	45
Advance Income Tax	429	1,425
Less' Provision for taxation	(169)	(1,082)
Income Tax Payable	--	(181)
	-----	-----
	260	162
	-----	-----
	263	207
Deposits	92	724
Prepayments	35	231
Income Tax Refundable	1,480	1,372
Other Receivables	120	576
	-----	-----
	1,990	3,110
	=====	=====

**11. CASH AND BANK BALANCES**

Cash in Hand	2	15
Balance with Banks (in Current Accounts):		
Allied Bank of Pakistan Ltd.	15	2
American Express Bank Ltd.	52	82
Habib Bank AG Zurich- Lahore	--	49
Habib Bank AG Zurich - Karachi	1,971	--
Metropolitan Bank Limited	3	20
	-----	-----
	2,041	153
	-----	-----
	2,043	168
	=====	=====

**12. COST OF SALES**

Cost of Software Sold	1,173	2,172
Freight, Duty and Octroi	8	54
	-----	-----
	1,181	2,226
	=====	=====

<b>1999</b>	<b>1998</b>
<b>Rupees</b>	<b>Rupees</b>
<b>'000s</b>	<b>'000s</b>

**13. ADMINISTRATIVE, GENERAL AND SELLING EXPENSES**

Salaries and other Benefits	7,594	12,444
Rent, Rates and Taxes	612	1,149
Printing and Stationery	104	323
Postage, Telegram and Telephone	215	598
Travelling and Conveyance	71	498
Electricity Charges	679	847
Computer Supplies	727	1,327
Directors' Remuneration	939	1,083
Entertainment	425	356
Fee and Subscription	8	87
Insurance	266	518
Maintenance of E.D.P. Equipment	491	685
Repairs and Maintenance- Office	152	260
Maintenance and Operation-Vehicles	422	761
Charity and Donation	71	52
Audit Fee	7	7
Advertisement and Publicity	20	179
Legal and Professional Charges	109	176
General Expenses	33	61
Water and Conservancy Charges	1,062	195
Cartage	1	29
Lease Rental	1,829	3,870

Depreciation	395	206
	-----	-----
	16,232	25,711
	=====	=====

**14. FINANCIAL EXPENSES**

Bank Charges	4	22
Mark-up on Running Finance	72	237
	-----	-----
	76	259
	=====	=====

**15. OTHER INCOME**

Profit on Fixed Deposit - Habib Bank AG Zurich	440	342
Profit on Fixed Deposit- First Int'l Bank	12	51
Capital Gain	82	--
Loss on sale of fixed assets	(232)	--
	-----	-----
	302	393
	=====	=====

**16. GENERAL**

- i) Figures have been rounded off to the nearest thousand of rupees.  
ii) Previous year's figures have been re-grouped and are re-arranged wherever necessary for the purpose of comparison.

**PATTERN OF SHAREHOLDINGS**

As on June 30, 1999

<i>NUMBER OF SHAREHOLDERS</i>	<i>SHARE HOLDINGS RS. 5/- EACH</i>	<i>TOTAL SHARES HELD</i>
3	1 to	100 300
--	101 to	500 --
--	501 to	1000 --
--	1001 to	5000 --
--	5001 to	10000 --
1	10001 to	Above 199,700
-----	-----	-----
4	TOTAL	200,000
=====	=====	=====

<i>CATEGORIES OF SHAREHOLDERS</i>	<i>NUMBER OF SHAREHOLDERS</i>	<i>SHARES HELD</i>	<i>PERCENTAGE %</i>
1. Individuals	3	300	0.15
2. Investment Companies	--	--	--
3. Insurance Companies	--	--	--
4. Joint Stock Companies	1	199,700	99.85
5. Financial Institutions	--	--	--
6. Modaraba Companies	--	--	--
7. Foreign Investors	--	--	--
8. Co-operative Societies	--	--	--
9. Charitable Trusts	--	--	--
10. Others	--	--	--
	-----	-----	-----
TOTAL	4	200,000	100.00
	=====	=====	=====

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

We have examined the annexed consolidated financial statements comprising consolidated Balance

Sheet of Pakistan Papersack Corporation Limited and its subsidiary company, Noble Computer Services (Private) Limited as at June 30, 1999 and the related consolidated Profit and Loss Account, for the year ended June 30, 1999. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our examination.

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

In our opinion the consolidated financial statements examined by us present fairly the financial position of Pakistan Papersack Corporation Limited and its subsidiary, Noble Computer Services (Private) Limited as at June 30, 1999 and the results of their operations for the year then ended.

Karachi: September 23, 1999.

**HYDER BHIMJI & CO.**  
**Chartered Accountants.**

## CONSOLIDATED FINANCIAL INFORMATION

### Pakistan Papersack Corporation Ltd. and Subsidiaries

#### General Information

#### Subsidiaries

(Rupees in '000)

	<i>Noble Computer Services (Pvt.) Ltd</i>	<i>Noble Computer Services (Pvt.) Ltd.</i>	<i>Computer Products Corpn. (Pvt.) Ltd.</i>	<i>Noble Software Services (Pvt.) Ltd.</i>
Accounting Year ended	30.06.1999	30.06.1998	30.06.1998	30.06.1998
Percentage Holding	99.85%	99.85%	74.88%	99.85%
Nature of Business	Computer Services	Computer Services	Import & Sale of Computer Printers, Typewriters and accessories	Export of software

Reserves attributable  
to members of the parent  
dealt within the financial  
statements of the parent:

--In the current year	Nil	Nil	Nil	Nil
--In the previous year	Nil	Nil	Nil	Nil

Reserves attributable  
to members of the parent  
not dealt within the financial  
statements of the parent:

--In the current year	(611)	644	48	(1,397)
--In the previous years	6,476	5,831	564	1,545

**RAFIQ M. HABIB**  
Chairman

**ALI S. HABIB**  
Director

**S.Z. KAZMI**  
Chief Executive

## CONSOLIDATED BALANCE SHEET

### Pakistan Papersack Corporation Ltd. and Subsidiaries

#### As at June 30, 1999

	<b>1999</b> <b>Rs. '000</b>	<b>1998</b> <b>Rs. '000</b>
<b>FIXED CAPITAL EXPENDITURE</b>	62,954	59,674
<b>LONG TERM INVESTMENTS</b>		
In associated undertakings	39,987	39,989
Others	61,449	41,287
	-----	-----
	101,436	81,276
<b>LONG TERM LOANS AND ADVANCES</b>	78	77
<b>LONG TERM DEPOSITS</b>	1,849	1,620
<b>CURRENT ASSETS</b>		
Stores & Spares	11,578	9,366
Stock in Trade	248,672	146,981
Trade Debts	117,374	110,095
Loans & Advances	49,102	40,860
Deposits & Prepayments	2,916	2,832
Other Receivables	6,718	5,375
Short Term Investments	1,500	11,326
Cash & Bank Balances	5,805	18,435
	-----	-----
	443,665	345,270
<b>CURRENT LIABILITIES</b>		
Current portion of Long Term Loan	--	281
Short Term & Running Finance	178,786	116,626
Creditors, Accrued and other Liabilities	114,527	77,162
Provision for Income Tax	--	--
Proposed Dividend	24,148	24,148
	-----	-----
	317,461	218,217
<b>NET CURRENT ASSETS</b>	-----	-----
	126,204	127,053
<b>NET ASSETS</b>	-----	-----
	292,521	269,700
<b>LESS: LONG TERM LOANS</b>	--	--
<b>DEFERRED LIABILITIES</b>	7,587	7,018
	-----	-----
	7,587	7,018
	-----	-----
	284,934	262,682
	=====	=====
<b>REPRESENTING ATTRIBUTABLE TO PARENT:</b>		
Share Capital	68,993	68,993
Reserves	210,872	185,872
Accumulated Profit	5,059	7,348
	-----	-----
	284,924	262,213
<b>MINORITY INTEREST:</b>		
Share Capital	1	253
Reserves	3	3
Accumulated Profit	6	213
	-----	-----
	10	469
	-----	-----
	284,934	262,682
	=====	=====

RAFIQ M. HABIB

ALI S. HABIB

S.Z. KAZMI

Chairman

Director

Chief Executive

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Pakistan Papersack Corporation Ltd. and Subsidiaries**  
**For the year ended June 30, 1999**

	<i>1999</i>	<i>1998</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
Sales	784,135	717,731
Cost of Sales	622,321	560,628
	-----	-----
Gross Profit	161,814	157,103
Administrative expenses	56,172	67,113
Selling and Distribution expenses	19,597	16,891
	-----	-----
	75,769	84,004
	-----	-----
Operating Profit	86,045	73,099
Trading Profit / (loss)	(315)	(347)
Other Income	13,258	13,992
	-----	-----
	99,258	86,744
	-----	-----
Financial charges	23,730	14,568
Other charges	5,121	4,743
	-----	-----
	28,851	19,311
	-----	-----
Profit for the year	70,407	67,433
Prior years' adjustment	--	3,085
	-----	-----
Profit before taxation	70,407	64,348
Less: Taxation	22,790	19,371
	-----	-----
Profit after Taxation	47,617	44,977
Less: Minority Interest	(1)	15
	-----	-----
Net Profit attributable to Parent Company	47,618	44,962
	=====	=====

**STATEMENT OF RETAINED EARNINGS**

Retained earnings, beginning of the year	192,472	172,607
Net income for the year	47,617	44,977
	-----	-----
	240,089	217,584
Dividend declared	24,148	24,148
	-----	-----
Retained earnings, end of the year	215,941	193,436
	=====	=====

**RAFIQ M. HABIB**  
**Chairman**

**ALI S. HABIB**  
**Director**

**S.Z. KAZMI**  
**Chief Executive**