

## Security Papers Limited

### Annual Report 1999

#### BOARD OF DIRECTORS

Mr. Nur Ahmad Shah  
Sheikh M. Rafiq Akhtar  
Mr. Shahid Yousuf Baghpatee  
Mr. Ahmad Hatami Yazd (IDRO)  
Mr. Kurtcebe Gurkan (SEKA)  
Mr. Mustapha A. Chinoy  
Mr. Muhammad Latif  
Mr. Abdul Rauf Khan  
Dr. Amjad Waheed

Chairman & Managing Director

#### BANKERS

National Bank of Pakistan  
Main Branch, Karachi

#### AUDITORS

Rahman Sarfaraz & Co.  
Chartered Accountants,  
115, SIDCO Avenue Centre,  
264, Stratchen Road,  
R. A. Line, Karachi.

#### REGISTERED OFFICE

108 (1st Floor),  
Sidco Avenue Centre,  
Moulana Din Muhammad Wafai Road,  
Karachi- 74200

#### PAPER MILL

Jinnah Avenue, Malir Halt,  
Karachi- 75100

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty-Fourth Annual General Meeting of Security Papers Limited will be held on Wednesday the 22nd December, 1999 at 3:30 PM at Raffia Chaudhri Memorial Centre, SIDCO Avenue Centre (Ground Floor), Opp: Y.M.C.A., Moulana Din Muhammad Wafai Road, Karachi to transact the following business:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 30th June, 1999 together with the Reports of the Auditors and the Directors.
2. To consider and approve payment of 25% Final Cash Dividend making a total of 37.50% for the year ended 30th June, 1999 as recommended by the Board of Directors.
3. To appoint Auditors for the year 1999-2000 and to fix their remuneration.
4. To elect four Directors as fixed by the Board for a term of three years (other than those nominated by Pakistan Security Printing Corporation (Pvt) Ltd., Turkiye Seluloz Ve Kagit Fabrikalari and Industrial Development and Renovation Organisation of Iran) in place of the following retiring Directors who are eligible for re-election:-

Sheikh M. Rafiq Akhtar  
Mr. Mustapha A. Chinoy  
Mr. Muhammad Latif  
Dr. Amjad Waheed

**By Order of the Board**

**(Muhammad Abdul Aleem)**

Karachi, 22nd November 1999

Company Secretary

**NOTES**

1. The Share Transfer Books of the Company will remain closed from 13th to 22nd December, 1999 (both days inclusive).
2. Any person who seeks to contest an election to the office of Director shall, whether he is a retiring Director or otherwise, file with the Company at its Registered Office not later than fourteen days before the date of the meeting, a notice of his intention to offer himself for election as a Director.
3. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote on his/her behalf. The instrument appointing proxy must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting.
4. Members whose shares are deposited with Central Depository Company of Pakistan Limited (CDC) are requested to please bring their original National Identity Cards alongwith the participant's identity number and their account numbers in CDC to facilitate identification at Annual General Meeting.
5. Members who desire to stop deduction of Zakat from their dividends may submit a declaration on non-judicial stamp paper duly signed as required under the law.
6. Members are requested to notify any change in address immediately.

**DIRECTORS' REPORT**

Your Directors take pleasure in presenting 34th Annual Report and Audited Accounts for the year ended 30th June, 1999.

**PRODUCTION AND SALE**

The Plant produced 1502 (1998: 1443) tonnes of finished paper - an Increase of 59 tonnes (i.e. 4.09%), as compared to the previous year.

Sales revenue registered an amount of Rs.392.05m (1998: Rs.347.22m) showing increase of Rs.44.83m (i.e. 12.91%) mainly due to increase in price.

**PROFIT AND APPROPRIATION**

Operating profit increased by 25.54 % as compared to the previous year, i.e. from Rs.134.99m to Rs.169.46m. Pre-tax profit also increased by 48.28% i.e. from Rs.139.85m in the previous year to Rs.207.37m in the year under review.

After adding the unappropriated profit of previous year to the profit after taxation during the year, a sum of Rs.154,056,091 is available for appropriation as against Rs.122,606,997 in the previous year. During the year Rs.21,981,833 were appropriated towards payment of Interim Cash Dividend @ 12.5% (i.e. Rs.1.25 per share).

Your Directors recommend transfer of (a) Rs. 78,409,290 to Plant Replacement Reserve (b) Rs.9,650,000 to General Revenue Reserve and (c) Rs.43,963,665 to Proposed Final Cash Dividend @ 25% (i.e. Rs.2.50 per share).

	<i>1999</i> <i>RUPEES</i>	<i>1998</i> <i>RUPEES</i>
Profit after taxation	154,031,183	122,575,296
Unappropriated Profit Brought Forward	24,908	31,701
	-----	-----
Profit available for appropriations	154,056,091	122,606,997

**Appropriations**

Transferred to:

Plant Replacement Reserve	78,409,290	62,499,550
Employees' Training Reserve	--	3,472,197
General Revenue Reserve	9,650,000	1,900,000
- Proposed Cash Dividend		
Interim @ 12.5% (1998: NIL)	21,981,833	--
Final @ 25% (1998: 20%)	43,963,665	35,170,932
	-----	-----
	65,945,498	35,170,932
- Reserve for Bonus Shares		
Interim @ NIL (1998: 12.5%)	--	19,539,410
	-----	-----
	154,004,788	122,582,089
	-----	-----
Unappropriated Profit Carried Forward	51,303	24,908
	=====	=====

#### EARNING PER SHARE

Earning per share is Rs. 8.76 (1998: Rs. 6.97) as explained at Note 36 of the annexed Audited Accounts.

#### FUTURE PROSPECTS

The management is in the process of negotiating with the customer, further increase in the paper price for the year 1998-99. The Directors are hopeful for a reasonable price increase.

Your Company is endeavouring to increase its plant capacity by about 200-250 tonnes per annum through BMRE, including addition of some locally manufactured components. This is being pursued not only to save foreign exchange but also to encourage locally available technical know how. This would require a sequential fabrication of the plant components according to a well-conceived plan ensuring minimum plan shut down period with optimum results. Some of the components are at advanced stage of fabrication. Our desire is to improve the quality of paper as well. To achieve this, a fresh financial plan is under consideration.

Your Directors are optimistic that these steps would bring in more prosperity to your Company in the near future.

#### DIRECTORS

Dr. Amjad Waheed has joined the Board in place of Mr. Raziur Rahman Khan while Mr. Khurshed K. Marker (a nominee of Pakistan Security Printing Corporation (Pvt) Limited) has resigned from the Board.

As fixed by the Board, four (4) Directors are to be elected for a term of three years (other than those nominated by Pakistan Security Printing Corporation (Pvt) Limited, Turkiye Seluloz Ve Kagit Fabrikalari and Industrial Development and Renovation Organisation of Iran) in place of the following retiring Directors who are eligible for re-election:-

Sheikh M. Rafiq Akhtar  
Mr. Mustapha A. Chinoy  
Mr. Muhammad Latif  
Dr. Amjad Waheed

#### AUDITORS

The Auditors, M/s. Rahman, Sarfaraz & Co., Chartered Accountants have offered themselves for reappointment.

#### SHAREHOLDING PATTERN

The pattern of shareholding is at page No. 29.

#### YEAR 2000 COMPLIANCE

The Company has successfully complied with the year 2000 issue, in respect of millennium bug.

**ACKNOWLEDGEMENT**

Once again, it is our privilege to bring on record the dedicated efforts put in by the Company employees.

**On behalf of the Board of Directors**

**NUR AHMAD SHAH**  
**Managing Director**

Karachi: 22nd November, 1999

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of Security Papers Limited as at 30th June, 1999 and the related profit and loss account and statement of changes in financial position, together with the notes forming part thereof, for the year then ended and we state that, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and after due verification thereof, we report that:

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

b) in our opinion;

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

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and statement of changes in financial position, 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 30th June, 1999 and of the profit and 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  
 Dated: 25 November, 1999

**RAHMAN SARFARAZ & CO.**  
**Chartered Accountants**

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

	<i>NOTE</i>	<i>1999</i> <i>RUPEES</i>	<i>1998</i> <i>RUPEES</i>
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised Capital			
70,000,000 Ordinary Shares of Rs.10/= each		700,000,000	700,000,000
Issued, Subscribed and Paid up Capital	3	175,854,660	175,854,660
Plant Replacement Reserve	4	140,908,840	62,499,550
Employees' Training Reserve	5	--	14,195,924
General Revenue Reserve	6	192,015,924	168,170,000
Reserve for Bonus Shares	7	0	0

Unappropriated Profit.		51,303	24,908
		-----	-----
		508,830,727	420,745,042
<b>DEFERRED LIABILITIES</b>			
Deferred Taxation		1,275,000	--
<b>CURRENT LIABILITIES</b>			
Deposits Repayable on Demand	9	2,979,107	1,695,160
Creditors		2,229,822	2,094,773
Accrued Liabilities	10	45,029,321	55,056,023
Other Liabilities	11	840,187	578,133
Workers' Profit Participation Fund	12	11,173,447	7,430,290
Workers' Welfare Fund		3,128,892	448,854
Provision for Taxation	24	23,315,612	--
Unclaimed Dividend		795,031	225,508
Proposed Final (Cash) Dividend		43,963,665	35,170,932
		-----	-----
		133,455,084	102,699,673
<b>CONTINGENCIES AND CAPITAL COMMITMENTS</b>	13		
		643,560,811	523,444,715
		=====	=====
<b>FIXED ASSETS - TANGIBLE</b>			
At Cost	14	67,156,451	59,068,383
Less: Accumulated Depreciation		49,142,566	47,619,057
		-----	-----
		18,013,885	11,449,326
<b>LONG TERM INVESTMENTS</b>	15	336,871,624	193,866,245
<b>LONG TERM LOANS AND ADVANCES</b>	16	84,562	76,723
<b>LONG TERM DEPOSITS AND DEFERRED COSTS</b>	17	22,227,549	31,727,953
<b>CURRENT ASSETS</b>			
Stores and Spare Parts	18	17,921,499	17,205,207
Loose Tools		92,814	91,994
Stock in Trade	19	45,218,139	43,316,551
Trade Debts - Unsecured (Considered good)	20	90,821,000	148,654,111
Loans and Advances (Considered good)	21	294,894	1,083,996
Deposits and Prepayments		841,379	892,102
Markup and Dividend Receivables	22	3,387,071	4,574,274
Other Receivables	23	1,021,354	1,546,679
Income Tax Refund Due from Government	24	--	5,298,579
Short Term Investments and Deposits	25	100,316,026	59,295,000
Cash and Bank Balances	26	6,449,015	4,365,975
		-----	-----
		266,363,191	286,324,468
		-----	-----
		643,560,811	523,444,715
		=====	=====

The annexed notes form an integral part of these accounts

**NUR AHMAD SHAH**  
Managing Director

**SHEIKH M. RAFIQ AKHTAR**  
Director

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

	<i>NOTE</i>	<i>1999</i> <i>RUPEES</i>	<i>1998</i> <i>RUPEES</i>
<b>SALES - NET</b>	27	392,046,448	347,219,723
Less: Cost of Goods Sold	28	192,546,558	180,734,883
		-----	-----

<b>GROSS PROFIT</b>		199,499,890	166,484,840
<b>OPERATING EXPENSES</b>			
Administrative and General Expenses	29	129,387,805	310,730,111
Financial Charges	30	647,281	424,622
		-----	-----
		30,035,086	31,497,633
<b>OPERATING PROFIT</b>		169,464,804	134,987,207
Add: Other Income	31	49,108,083	26,918,038
		-----	-----
		218,572,887	161,905,245
Add/(Less):			
Provision for Diminution in NIT Units		3,005,379	(9,546,498)
Loss on Redemption of NIT Units		--	(4,674,755)
		-----	-----
		3,005,379	( 14,221,253)
		-----	-----
		221,578,266	147,683,992
Less: Workers' Profit Participation Fund	12	11,078,913	7,384,200
Workers' Welfare Fund		3,128,892	448,854
		-----	-----
		14,207,805	7,833,054
<b>PROFIT BEFORE TAXATION</b>		207,370,461	139,850,938
<b>TAXATION</b>			
Current		52,064,278	17,275,642
Deferred		1,275,000	--
		-----	-----
		53,339,278	17,275,642
<b>PROFIT AFTER TAXATION</b>		154,031,183	122,575,296
<b>UNAPPROPRIATED PROFIT BROUGHT FORWARD</b>		24,908	31,701
		-----	-----
<b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>		154,056,091	122,606,997
		=====	=====
<b>APPROPRIATIONS</b>			
Transferred to:			
- Plant Replacement Reserve		78,409,290	62,499,550
- Employees' Training Reserve		--	3,472,197
- General Revenue Reserve		9,650,000	1,900,000
- Proposed Cash Dividend			
Interim @ 12.5% (1998: NIL)		21,981,833	--
Final @ 25% (1998: 20%)		43,963,665	35,170,932
		-----	-----
		65,945,498	35,170,932
Reserve for Bonus Shares			
Interim @ NIL (1998: 12.5%)		--	19,539,410
		-----	-----
		154,004,788	122,582,089
<b>UNAPPROPRIATED PROFIT CARRIED FORWARD</b>		51,303	24,908
		=====	=====

The annexed notes form an integral part of these accounts

**NUR AHMAD SHAH**  
Managing Director

**SHEIKH M. RAFIQ AKHTAR**  
Director

**STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED JUNE 30, 1999**

**1999**                      **1998**  
**RUPEES**                      **RUPEES**

**A. CASH FLOW FROM OPERATING ACTIVITIES**

Profit before taxation	207,370,461	139,850,938
Adjustment for:		
Depreciation	2,435,511	1,451,535
Amortization of Deferred Cost	10,080,704	10,080,704
	-----	-----
Profit on Disposal of Fixed Assets	(616,371)	(726,229)
Other Income	(48,491,712)	(26,191,809)
	-----	-----
	(49,108,083)	(26,918,038)
	-----	-----
Provision for Diminution in NIT Units	(3,005,379)	9,546,498
Loss on Redemption of NIT Units	--	4,674,755
	-----	-----
	(3,005,379)	14,221,253
Financial Charges	647,281	424,622
Taxes Paid	(23,450,087)	(15,399,923)
Dividend Paid	(56,583,242)	(246)
	-----	-----
	(118,983,295)	(16,140,093)
	-----	-----
Operating Profit Before Working Capital Changes	88,387,166	123,710,845
Changes in Working Capital		
(Increase)/Decrease in Current Assets		
Stores and Spare Parts	(716,292)	1,603,306
Loose Tools	(820)	(5,198)
Stock in Trade	(1,901,588)	(10,145,012)
Trade Debts	57,833,111	(59,364,449)
Loans and Advances	789,102	96,411
Deposits and Prepayments	50,723	(89,556)
Mark-up and Dividend Receivables	1,187,203	5,823,814
Other Receivables	525,325	(816,912)
	-----	-----
	57,766,764	(62,897,596)
Increase/(Decrease) in Current Liabilities		
Deposits Repayable on Demand	1,283,947	281,293
Creditors	135,049	(7,344)
Accrued Liabilities	(10,026,702)	11,512,146
Other Liabilities	262,054	(896,850)
Workers' Profit Participation Fund	3,743,157	3,534,834
Workers' Welfare Fund	2,680,038	182,261
	-----	-----
	(1,922,457)	14,606,340
	-----	-----
	55,844,307	(48,291,256)
Financial Charges Paid	(647,281)	(424,622)
	-----	-----
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>143,584,192</b>	<b>74,994,967</b>

**1999**                      **1998**  
**RUPEES**                      **RUPEES**

**B. CASH FLOW FROM INVESTING ACTIVITIES**

Capital Expenditure	(10,367,723)	(5,127,929)
Sale Proceeds of Fixed Assets	1,984,024	1,278,074
	-----	-----
	(8,383,699)	(3,849,855)
Long Term Investments	(140,000,000)	(126,471,815)
Long Term Deposits and Deferred Costs	(580,300)	1,950
Long Term Loans and Advances	(7,839)	18,627
Other Income	48,491,712	26,191,809
	-----	-----
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(100,480,126)</b>	<b>(104,109,325)</b>

**C. CASH FLOW FROM FINANCING ACTIVITIES**

		0	0
		-----	-----
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		43,104,066	(29,114,358)
Cash and Cash Equivalents at the Beginning of the Year		63,660,975	92,775,333
		-----	-----
Cash and Cash Equivalents at the End of the Year		106,765,041	63,660,975
		=====	=====
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>			
Cash in Hand and Balance with Bank	[Note 26]	6,449,015	4,365,975
Short Term Investments and Deposits	[Note 25]	100,316,026	59,295,000
		-----	-----
Cash and Cash Equivalents		106,765,041	63,660,975
		=====	=====

**NUR AHMAD SHAH**  
Managing Director

**SHEIKH M. RAFIQ AKHTAR**  
Director

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

**1. STATUS AND NATURE OF BUSINESS**

The Company is incorporated in Pakistan and is quoted at Karachi Stock Exchange. The Principal activity of the Company is the manufacture of specialised banknote and nonbanknote paper.

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

These accounts have been prepared under the historical cost convention.

**2.2 Staff Retirement Benefits**

The Company is operating an approved funded gratuity scheme under rule (1) of part III of the 6th schedule to the Income Tax Ordinance, 1979. The provision is made to meet the obligation under the scheme for all the employees who have completed one year's service with the Company.

The Company has also established a Provident fund which is recognised under rule (1) of Part I of the 6th Schedule to the Income Tax Ordinance, 1979. Contribution is made as per the terms of the scheme.

**2.3 Taxation**

Provision for current taxation is based on appropriate provisions of the Income Tax Ordinance, 1979.

Provision for deferred taxation is made on all material timing differences using the liability method. However, deferred tax is not provided if it can be established with reasonable probability that these timing differences will not reverse in the foreseeable future.

**2.4 Fixed Assets - Tangible**

The operating fixed assets are stated at cost less accumulated depreciation except freehold/ leasehold land and capital work in progress which are stated at cost. Depreciation is charged to income applying the straight line method, whereby the cost of assets are depreciated over their useful lives.

The fixed assets acquired any time during the year are charged depreciation on full year's basis. However, no depreciation is charged on the fixed assets disposed off any time during the year.

Maintenance and normal repairs are charged to income as and when incurred. However, major renewals and replacements are capitalised. Profit or loss on disposal of fixed assets is included in income currently.

**2.5 Operating Leases**

The Company charges the appropriate amount of rental on operating leases to Profit and Loss Account.



**2.6 Deferred Cost**

Deferred cost is written off over a period of five years commencing from the financial year in which such cost was incurred.

**2.7 Investments**

**a) Long term**

These are stated at cost. However, provision against permanent diminution in value is made.

**b) Short term**

These are stated at lower of cost or market value.

**2.8 Inventories**

- Stores, spare and loose tools are stated at cost determined on average basis. The term cost means invoice price including direct expenses.

- Raw materials are stated at the lower of cost (arrived at on average basis) and net realisable value.

- Work in process is valued at the cost of materials including appropriate conversion costs.

- Semi-finished and finished stocks are valued at the lower of cost (comprising cost of materials and appropriate conversion costs) and the net realisable value.

- Net realisable value signifies the estimated selling price in ordinary course of business less the estimated cost of completion and the estimated other expenses necessary to make the sale.

- Items in transit are valued at direct costs accumulated to the date of balance sheet.

**2.9 Foreign Currency Translation**

Assets and liabilities in foreign currencies are translated into Pakistan currency at the rates of exchange approximating those which were prevalent on the balance sheet date except'

i) Foreign currency loan repayable in rupees at guaranteed rate of exchange, if any and balance held abroad out of proceeds of such loan, are translated at such guaranteed rate of exchange, and

ii) Certain current liabilities, where forward exchange cover is arranged, are also translated at such "arranged" rates.

**2.10 Revenue Recognition**

- a) Sales on dispatch of goods to the customers.
- b) Dividends on declaration.
- c) Income from government securities on receipt basis.

**2.11 Employees' Training Reserve**

Uptill June 30, 1998 the Company appropriated one percent of the yearly net sales towards Employees' Training Reserve. However, as per decision of the Board of Directors, the accumulated balance upto that date has been transferred during the year to General Revenue Reserve.

	<i>1999</i> <i>RUPEES</i>	<i>1998</i> <i>RUPEES</i>
<b>3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
1,250,000 Ordinary Shares of Rs. 10/= each fully paid up in cash	12,500,000	12,500,000
16,335,466 Ordinary Shares of Rs. 10/= each issued as fully paid	163,354,660	163,354,660
-----bonus shares [ Note 3.1 ]	-----	-----
17,585,466	175,854,660	175,854,660
=====	=====	=====

**1999**                      **1998**  
**RUPEES**                      **RUPEES**

**3.1 Movement in the Bonus Shares Issued**

<b>Opening Balance</b>		
16,335,466(1998: 12,342,630) Ordinary Shares of Rs.10/= each issued as fully paid Bonus Shares	163,354,660	123,426,300
<b>Issued during the year</b>		
<b>Final Dividend 1996-97</b>		
NIL(1998: 2,038,895) Ordinary Shares of Rs. 10/= each issued as fully paid Bonus Shares [ Note 7 ]	--	20,388,950
<b>Interim Dividend 1997-98</b>		
NIL(1998: 1,953,941) Ordinary Shares of Rs.10/= each issued as fully paid Bonus Shares [ Note 7 ]	--	19,539,410
NIL	--	39,928,360
-----	-----	-----
16,335,466	163,354,660	163,354,660
=====	=====	=====

3.2 Pakistan Security Printing Corporation (Pvt) Limited, one of the Associated Undertakings,  
holds 7,039,928 (1998: 7,039,928) Ordinary Shares in the Paid up Capital of the Company.

**4. PLANT REPLACEMENT RESERVE**

Balance as at 1st July	62,499,550	--
Transferred from Profit and Loss Account	78,409,290	62,499,550
	-----	-----
	140,908,840	62,499,550
	=====	=====

**5. EMPLOYEES' TRAINING RESERVE**

Balance as at 1st July	14,195,924	10,723,727
Transferred from Profit and Loss Account	--	3,472,197
	-----	-----
	14,195,924	14,195,924
Transferred to General Revenue Reserve [ Note 2.11 & 6 ]	(14,195,924)	--
	-----	-----
	--	14,195,924
	=====	=====

**6. GENERAL REVENUE RESERVE**

Balance as at 1st July	168,170,000	166,270,000
Transferred from Employees' Training Reserve [Note 2.11 & 5]	14,195,924	--
Transferred from Profit and Loss Account	96,500,001	1,900,000
	-----	-----
	23,845,924	1,900,000
	-----	-----
	192,015,924	168,170,000
	=====	=====

**7. RESERVE FOR BONUS SHARES**

Balance as at 1st July	--	20,388,950
Add: Transferred from Profit and Loss Account Interim Bonus Shares	--	19,539,410
	-----	-----
	--	39,928,360
Less: Bonus shares issued during the Year [ Note 3.1 ]	--	39,928,360
	-----	-----
	0	0



## 12. WORKERS' PROFIT PARTICIPATION FUND

12.1 The Workers' Profit Participation Fund has been calculated on the profits for the year as per the applicable law and it will be distributed among the eligible employees soon after approval of the accounts by the Members in the Annual General Meeting.

12.2 Interest on the balance of the fund due to the members till its distribution has been charged @ 15% (1998: 14.50%) per annum and is shown under Financial Charges [ Note 30 ]

12.3 The movement in the fund account is given below:

Balance as at 1st July	7,430,290	3,895,456
	-----	-----
Add: Allocation for the year	11,078,913	7,384,200
Interest	598,630	313,260
	-----	-----
	11,677,543	7,697,460
	-----	-----
	19,107,833	11,592,916
	-----	-----
Less: Paid during the year	7,934,386	4,162,626
	-----	-----
	11,173,447	7,430,290
	=====	=====

## 13. CONTINGENCIES AND CAPITAL COMMITMENTS

### 13.1 Contingencies

Letters of Credit	4,000,000	1,000,000
	=====	=====

### 13.2 Capital Commitments

13.2.1 Commitments for operating lease rentals in respect of vehicles

--	176,400
----	---------

13.2.2 Commitments in respect of other Capital Expenditures

8,000,000	8,000,000
-----	-----
8,000,000	8,176,400
=====	=====

## 14. FIXED ASSETS - TANGIBLE

### 14.1 The following is the statement of Operating Fixed Assets

	COST			RATES %	DEPRECIATION			WRITTEN DOWN VALUE	
	AS AT 1/7/1998	ADDITIONS/ (DELETIONS)	AS AT 30.06.99		AS AT 1/7/1998	DURING THE YEAR	ADJUSTMENT ON DISPOSAL	AS AT 30-06-99	AS AT 30-06-99
Freehold Land	292,805	--	292,805	--	--	--	--	--	292,805
Leasehold Land	417,550	--	417,550	--	--	--	--	--	417,550
Building on Freehold Land	7,529,878	--	7,529,878	2.50	6,801,624	188,247	--	6,989,871	540,007
Building on Leasehold Land	1,015,139	--	1,015,139	2.50	568,421	25,378	--	593,799	421,340
Office Premises	--	6,914,933	6,914,933	10.00	--	691,493	--	691,493	60,440
Plant and Machinery	35,650,765	625,077	36,275,842	6.00	31,593,102	427,973	--	32,021,075	4,254,767
Laboratory Equipment	293,562	--	293,562	10.00	194,086	14,100	--	208,186	85,376
Furniture and Fixtures	860,847	97,900	958,747	6.00	590,141	29,761	--	619,902	338,845
Office Equipment	2,324,646	346,623	2,671,269	15.00	1,598,334	242,571	--	1,840,905	830,364
Electric, Water and Gas Installation	5,893,698	156,490	5,655,188	6.00	4,459,528	112,398	(11,850)	4,560,076	1,095,112
		(395,000)							
Motor Vehicles	4,789,493	2,226,700	5,131,538	15.00	1,813,821	703,590	(900,152)	1,617,259	3,514,279
		(1,884,655)							
	-----	-----	-----		-----	-----	-----	-----	-----
RUPEES 1999	59,068,383	10,367,723	67,156,451		47,619,057	2,435,511	(912,002)	49,142,566	18,013,885
	-----	-----	-----		-----	-----	-----	-----	-----
	=====	=====	=====		=====	=====	=====	=====	=====

RUPEES - 1998	55,176,897	5,127,929 (1,236,443)	59,068,383	46,852,120	1,451,535	(684,598)	47,619,057	11,449,326
	=====	=====	=====	=====	=====	=====	=====	=====

14.2 The price of Freehold Land is provisional and may require adjustment when final settlement will be reached with the vendors.

14.3 The aggregate of Gross Carrying Value and related Accumulated Depreciation of Operating Fixed Assets which have been fully depreciated but still in use effectively are given below:

	<i>1999</i> <i>RUPEES</i>	<i>1998</i> <i>RUPEES</i>
Gross Carrying Value	35,118,856	34,616,261
Less: Accumulated Depreciation	35,118,529	34,615,950
	-----	-----
	327	311
	=====	=====

**14.4 The depreciation for the year has been allocated as follows:**

Cost of Goods Produced	[ Note 28.1 ]	685,459	642,285
Administrative and General Expenses	[ Note 29 ]	1,750,052	809,250
		-----	-----
		2,435,511	1,451,535
		=====	=====

**14.5 The following is a statement of disposal of operating fixed assets**

<i>Particulars</i>	<i>Registration No.</i>	<i>Model</i>	<i>Qty.</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Written Down Value</i>	<i>Sales Proceed</i>	<i>Gain / (Loss)</i>	<i>Mode of Disposal</i>	<i>Particulars of Purchaser</i>
Toyota Corolla - 1300cc	R - 6794	1991	1	66,895	43,550	23,345	255,507	232,162	Tender	Mst. Shakila Anwar
Suzuki Mehran - 800cc	T - 4239	1991	1	120,000	117,000	3,000	57,269	54,269	Service Benefit	Mr. Ghulam Yazdani
Suzuki Mehran - 800cc	T 4503	1991	1	120,000	117,000	3,000	107,667	104,667	Tender	Mr. Ameer Azeem Qureshi
Suzuki Mehran - 800cc	T - 4497	1991	1	120,000	117,000	3,000	107,667	104,667	Tender	Mr. Ameer Azeem Qureshi
Suzuki Mehran - 800cc	AAG - 735	1996	1	249,000	93,375	155,625	134,160	(21,465)	Service Benefit	Mr. M. Naveed Ali Sohu
Suzuki Mehran - 800cc	U - 9712	1992	1	140,760	116,127	24,633	110,201	85,568	Tender	Mr. Ameer Azeem Qureshi
Suzuki Mehran - 800cc	T 4501	1991	1	120,000	117,000	3,000	89,201	86,201	Tender	Mr. Ameer Azeem Qureshi
Suzuki Mehran - 800cc	W - 4502	1991	1	120,000	117,000	3,000	109,201	106,201	Tender	Mr. Ameer Azeem Qureshi
Toyota Corolla - 2000cc	ABQ 611	1998	1	759,000	56,925	702,075	780,000	77,925	Insurance Claim	National Insurance Corporation
Honda Motor Cycle.125cc	KCC - 3174	1998	1	69,000	5,175	63,825	68,000	4,175	Insurance Claim	National Insurance Corporation
Diesel Generator [ Note 34.2 ]	--	--	1	395,000	11,850	383,150	165,151	(217,999)	Service Benefit	Syed Abbas Hussain Shah
Rupees-1999	-----	-----	-----	-----	-----	-----	-----	-----		
	--	--	--	2,279,655	912,002	1,367,653	1,984,024	616,371		
	=====	=====	=====	=====	=====	=====	=====	=====		
Rupees-1998	-----	-----	-----	-----	-----	-----	-----	-----		
	--	--	--	1,236,443	684,598	551,845	1,278,074	726,229		
	=====	=====	=====	=====	=====	=====	=====	=====		

<i>1999</i> <i>RUPEES</i>	<i>1998</i> <i>RUPEES</i>
------------------------------	------------------------------

**15. LONG TERM INVESTMENTS**

National Investment Trust (NIT) Units

3,535,740 (1998: 3,535,740) Units

Less: Provision for diminution

Market Value @ Rs.7.60 = Rs.26,871,624/-

(1998: Rs.23,866,245/-) [ Note 15.1 ]

	33,412,743	33,412,743
	-----	-----
	6,541,119	9,546,498
	-----	-----
	26,871,624	23,866,245
	310,000,000	170,000,000
	-----	-----
	336,871,624	193,866,245
	=====	=====

National Saving Scheme (R. I.C.)

15.1 The diminution in the value of NIT units have been provided considering the reduction in price upto the date of the balance sheet.

#### 16. LONG TERM LOANS AND ADVANCES - UNSECURED

(Considered Good)

To Employees	[ Note 16.1 ]	342,402	320,287
Less: Current portion shown under current assets		257,840	243,564
		-----	-----
		84,562	76,723
		=====	=====

16.1 The above loans have been given in accordance with the terms of employment against the balance of the provident fund and gratuity and are repayable within two years. The maximum amount due at the end of any month during the year was Rs.384,678/- (1998: Rs.434,032/-)

#### 17. LONG TERM DEPOSITS AND DEFERRED COSTS

Long term deposits			
- Security deposits		2,066,140	1,485,840
Deferred costs			
- Project evaluation costs			
Cost incurred upto 1st July		50,403,521	50,403,521
		-----	-----
Less: Amortization balance upto 1st July		20,161,408	10,080,704
Amortized during the year		10,080,704	10,080,704
		-----	-----
		30,242,112	20,161,408
		20,161,409	30,242,113
		-----	-----
		22,227,549	31,727,953
		=====	=====

The Company had taken-up expansion and modernization of the project at a proposed cost of Rs.4,836 Millions. Against this a sum of Rs.55.988 million was incurred. In the meeting held on 22nd February, 1997, the Board of Directors abandoned the project, "being unviable as decided by the Government". Out of the Cost incurred till that date Rs.5.584 million was fully amortized and the balance of Rs.50404 million is being amortized as a deferred cost, over a period of five (5) years.

#### 18. STORES AND SPARE PARTS

Stores		1,408,479	1,440,133
		-----	-----
Spares - In Hand		116,505,469	15,757,288
In Transit		7,551	7,786
		-----	-----
		16,513,020	15,765,074
		-----	-----
		17,921,499	17,205,207
		=====	=====

**1999**                      **1998**  
**RUPEES**                      **RUPEES**

#### 19. STOCK IN TRADE

Raw materials - In Hand		12,391,166	16,610,827
In Transit		20,497	2,559,929
		-----	-----
		12,411,663	19,170,756
Work in Process		2,120,740	1,891,541
Semi-Finished Stock		10,227,890	9,690,312
		-----	-----
		12,348,630	11,581,853
Finished Stock		20,457,846	12,563,942
		-----	-----
		45,218,139	43,316,551
		=====	=====

**20. TRADE DEBTS - UNSECURED**

(Considered Good)

Due from an Associated Company	90,821,000	148,654,111
	=====	=====

The maximum amount due from the associated Company, Pakistan Security Printing Corporation (Put) Ltd., at the end of any month during the year was Rs. 184,738,005/- (1998: Rs. 148,654,111/-).

**21. LOANS AND ADVANCES - UNSECURED**

(Considered Good)

**Loans**

Current portion of Long Term Loans to Employees	257,840	243,564
---	---------	---------

**Advances**

Eid Advances

-- Executives [ Note 21.1 ]	--	21,600
-- Other Employees	--	810,450
	-----	-----
	--	832,050

Bicycle Advances

Advances Against Salary/Wages	24,886	--
	12,168	8,382
	-----	-----
	37,054	840,432
	-----	-----
	294,894	1,083,996
	=====	=====

21.1 The maximum aggregate amount due from Executives of the Company at the end of any month during the year was Rs. 18,000/- (1998: Rs.36,000/-) against Eid Advance.

**22. MARK-UP AND DIVIDEND RECEIVABLES**

Mark up on

Term/Notice Deposits	1,648,694	2,510,812
Other Deposits	76,579	62,740
	-----	-----
	1,725,273	2,573,552

Dividend on NIT Units

	1,661,798	2,000,722
	-----	-----
	3,387,071	4,574,274
	=====	=====

**23. OTHER RECEIVABLES - UNSECURED**

(Considered Good)

Advances to suppliers	138,247	404,959
Others	883,107	1,141,720
	-----	-----
	1,021,354	1,546,679
	=====	=====

**24. INCOME TAX REFUND DUE FROM GOVERNMENT**

Balance as at 1st July	5,298,579	7,174,298
Payments during the Year	238,989,411	15,666,516
Less: Workers' Welfare fund Adjustment	448,854	266,593
	-----	-----
	23,450,087	15,399,923
	-----	-----
	28,748,666	22,574,221
	-----	-----
Less: Provision for Current Year	52,064,278	17,275,642
	-----	-----
	(23,315,612)	5,298,579
	=====	=====

24.1 The Income Tax Department has additionally assessed the Company under section 80C(5):

**ASSESSMENT YEAR****AMOUNT OF TAX**

1992 - 93 (Revised)	5,191,255	5,191,255
1993 - 94 (Revised)	4,784,466	4,784,466
1995 - 96 (Additional)	6,177,573	6,177,573
	-----	-----
	16,153,294	16,153,294
	=====	=====

24.2 The Company consider that the above demands are not justified and hence have gone into appeal at the appropriate levels. It is expected that the additional assessments for the above years will be quashed and a refund of Rs. 11,718,995/= [Note 24.3] (1998:Rs. 11,718,995/= ) will be available to the Company. Consequently, no provision has been made in these accounts for the additional assessments of Rs. 16,153,294/= (1998: Rs. 16,153,294/=)

24.3 The details of refunds which may be available to the Company against additional assessments, after finalisation of respective appeals, are given below:

<i>ASSESSMENT YEAR</i>	<i>AMOUNT OF TAX</i>	
1992 - 93 Appeal with I.T.A.T.	5,191,255	5,191,255
1993 - 94 Appeal with I.T.A.T.	4,784,466	4,784,466
1994 - 95 Refund determined	1,075,662	1,075,662
1995 - 96 Appeal with C.I.T. ( Under reassessment)	667,612	667,612
	-----	-----
	11,718,995	11,718,995
	=====	=====

## 25. SHORT TERM INVESTMENTS AND DEPOSITS

With bank in 30 Days Notice Account	81,776,722	59,295,000
With National Saving Centre in Saving Account	18,539,304	--
	-----	-----
	100,316,026	59,295,000
	=====	=====

## 26. CASH AND BANK BALANCES

Cash in hand	199,669	460,200
Cash with Bank		
Current Finance Account	2,475,208	1,985,106
Dividend Account	795,031	225,509
07 days PLS Account	2,979,107	1,695,160
	-----	-----
	6,249,346	3,905,775
	-----	-----
	6,449,015	4,365,975
	=====	=====

<b>1999</b>	<b>1998</b>
<b>RUPEES</b>	<b>RUPEES</b>

## 27. SALES-NET

Currency and Banknote Paper	367,101,945	309,212,108
Commercial Paper	24,928,760	36,891,056
Others	15,743	1,116,559
	-----	-----
	392,046,448	347,219,723
	=====	=====

Sales are net of excise duty of Rs. 19,602,322/- (1998:Rs. 17,360,986/-)and sales tax of Rs.57,324,849/- (1998: Rs.45,572,589/-)

## 28. COST OF GOODS SOLD

Opening Stock of Finished Goods	12,563,942	9,730,851
Add: Cost of goods Produced [ Note 28.1 ]	200,440,462	1,835,677,974
	-----	-----
	213,004,404	193,298,825
Less: Closing Stock of Finished Goods	20,457,846	12,563,942



	192,546,558	180,734,883
	=====	=====
<b>28.1 COST OF GOODS PRODUCED</b>		
Opening Work in Process and Semi-Finished Stock	11,581,853	3,341,232
Raw Materials Consumed [Note 28.1.1 ]	67,557,989	68,023,844
Salaries, Wages and Other Benefits	56,113,072	54,498,953
Stores, Spares and Loose Tools Consumed	7,003,130	6,259,964
Electricity, Water and Gas	49,669,402	44,452,664
Repairs and Maintenance	1,249,490	1,212,790
Insurance	1,021,224	1,078,427
Rent, Rates and Taxes	7,770,072	5,486,576
Other Expenses	56,697	72,388
Amortization	10,080,704	10,080,704
Depreciation [ Note 14.4 ]	685,459	642,1285
	-----	-----
	201,207,239	191,808,595
	-----	-----
	212,789,092	195,149,827
Less: Closing Work in Process and Semi-Finished Stock	12,348,630	11,581,853
	-----	-----
	200,440,462	183,567,974
	=====	=====
<b>28.1.1 RAW MATERIALS CONSUMED</b>		
Opening Stock of Raw Materials	19,170,756	20,099,456
Add: Purchases	60,798,896	6770957144
	-----	-----
	79,969,652	87,194,600
Less: Closing Stock of Raw Materials	12,411,663	19,170,756
	-----	-----
	67,557,989	68,023,844
	=====	=====
<b>29. ADMINISTRATIVE AND GENERAL EXPENSES</b>		
Salaries, Wages and Other Benefits	19,388,743	19,743,115
Rent, Rates and Taxes	136,926	173,812
Lease Rentals	176,400	388,080
Travelling Expenses including those of Directors Rs. 149,016/- (1998: Rs. 1,074,753/-)	398,704	1,331,425
Printing and Stationery	875,954	971,867
Repairs and Maintenance	1,765,050	2,266,241
Packing and Forwarding	104,075	56,610
Advertisement	1,215,910	687,234
Auditors' Remuneration [ Note 29.1 ]	88,500	156,500
Zakat	587,500	1,403,240
Other Expenses	2,899,991	3,085,637
Depreciation [Note 14.4]	1,750,052	809,250
	-----	-----
	29,387,805	31,073,011
	=====	=====
<b>29.1 AUDITORS' REMUNERATION</b>		
Audit Fee	75,000	75,000
Tax Services Fee	--	72,500
Provident, Gratuity and W.P.P. Funds Audit Fee	13,500	9,000
	-----	-----
	88,500	156,500
	=====	=====
<b>30. FINANCIAL CHARGES</b>		
Interest on Workers' Profit Participation Fund	598,630	313,260

Bank and Safe Custody Charges	48,651	111,362
	-----	-----
	647,281	424,622
	=====	=====
<b>31. OTHER INCOME</b>		
Dividend on NIT units	1,661,798	5,368,498
Return on Investments in National Saving Scheme		
Regular Income Certificates (RIC)	41,625,000	12,232,500
Saving Account	1,239,204	--
Return on Bank Deposits	3,544,773	7,417,151
Mark-up on Loan to Employees	55,367	53,898
Others	81,425	95,805
	-----	-----
	48,207,567	25,167,852
	-----	-----
Sale proceeds of Waste Material	284,145	1,023,957
Profit on Disposal of Fixed Assets	616,371	726,229
	-----	-----
	900,516	1,750,186
	-----	-----
	49,108,083	26,918,038
	=====	=====

### 32. SHORT TERM FINANCES - SECURED (UNDER MARK-UP ARRANGEMENTS)

32.1 The Company has arranged continuing finance facilities from National Bank of Pakistan upto Rs.13 million (1998: Rs.13 million) on Mark up basis @ Re.0.45 per Rs.1,000/- on daily product basis against hypothecation of raw materials, finished goods, stores, spares and other assets of the Company. In addition, the bank has also secured a guarantee from Pakistan Security Printing Corporation (Pvt) Ltd., an associated company. The facility was not availed of during the year (1998: NIL).

32.2 The Company has also arranged financing of Rs. 6 million (1998: Rs. 3 million) against Letters of Credit.

### 33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### 33.1 Financial Assets and Liabilities

	<i>Interest / Mark up bearing</i>			<i>Non Interest / Mark up bearing</i>			<i>Total</i>
	<i>Maturity Upto One Year</i>	<i>Maturity After One Year</i>	<i>Sub Total</i>	<i>Maturity Upto One Year</i>	<i>Maturity After One Year</i>	<i>Sub Total</i>	
<b>Balance Sheet Items</b>							
<b>Financial Assets</b>							
Long Term investments	--	310,000,000	310,000,000	--	2,871,624	26,871,624	336,871,624
Trade Debts	--	--	--	90,821,000	--	90,821,000	90,821,000
Other Receivables	--	--	--	1,021,354	--	1,021,354	1,021,354
Short Term Investments and Deposits	100,316,026	--	100,316,026	--	--	--	100,316,026
Cash and Bank Balances	2,979,107	--	2,979,107	3,469,908	--	3,469,908	6,449,015
	-----	-----	-----	-----	-----	-----	-----
	103,295,133	310,000,000	4,132,965,133	95,312,262	26,871,624	122,183,886	535,479,019
	=====	=====	=====	=====	=====	=====	=====
<b>Financial Liabilities</b>							
Creditors	--	--	--	2,229,822	--	2,229,822	2,229,822
Accrued Liabilities	--	--	--	45,029,321	--	45,029,321	45,029,321
Other Liabilities	--	--	--	840,187	--	840,187	840,187
	-----	-----	-----	-----	-----	-----	-----
	--	--	--	48,099,330	--	48,099,330	48,099,330
	=====	=====	=====	=====	=====	=====	=====
<b>Off Balance Sheet Items</b>							

**Financial Liabilities**

Letters of Credit	4,000,000	--	4,000,000	--	--	--	4,000,000
Capital Commitments	--	--	--	8,000,000	--	8,000,000	8,000,000
	-----	-----	-----	-----	-----	-----	-----
	4,000,000	--	4,000,000	8,000,000	--	8,000,000	12,000,000
	=====	=====	=====	=====	=====	=====	=====

**33.2 Concentration of Credit Risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial assets of Rs. 535.479 million, the financial assets which are subject to credit risk amounted to Rs. 118.714 million. The company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk the company applies credit period limit to its major customer. Deposits & balances with National Bank of Pakistan amounting to Rs. 88.026 million and investments with National Saving Centre amounting to Rs. 328.539 million are guaranteed by the Government of Pakistan.

**33.2.1 The financial assets subject to credit risk are as under:***Rupees*

Long Term Investment in NIT Units	26,871,624
Trade Debts	90,821,000
Other Receivables	1,021,354
	-----
	118,713,978
	=====

**33.3 Foreign Exchange Risk Management**

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The company believes that it is not exposed to major foreign exchange risk in respect of certain payables to the foreign undertakings.

**33.4 Fair Value of Financial Assets and Liabilities**

The carrying values of financial assets and liabilities reflected in the Financial Statements approximate their fair values.

**34. CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES REMUNERATIONS**

The aggregate amount charged in the financial statements in respect of remuneration, other perquisites and benefits of the Chief Executive (Managing Director), Directors and Executives are as follows:

<i>PARTICULARS</i>	<i>1999</i>			<i>1998</i>		
	<i>RUPEES</i>			<i>RUPEES</i>		
	<i>CHIEF</i>			<i>CHIEF</i>		
	<i>EXECUTIVE</i>	<i>DIRECTORS</i>	<i>EXECUTIVES</i>	<i>EXECUTIVE</i>	<i>DIRECTORS</i>	<i>EXECUTIVES</i>
Directors' fee	--	7,000	--	--	9,000	--
Remuneration	--	--	3,045,211	--	--	2,957,830
Reimbursable Medical expenses	--	--	265,448	224,230	--	295,251
Company's Contribution to Provident and Gratuity Funds	--	--	249,526	--	--	314,126
Other Perquisites, benefits and Utilities						
- Rent	--	--	779,999	--	--	746,751
- Utilities	151,588	--	114,049	138,563	--	129,627
- Diesel Generator [Note 34.2]	217,999	--	--	--	--	--
- Other Perquisites (Motor Vehicle etc. Approx)	230,867	80,593	137,562	396,228	30,524	159,986
	-----	-----	-----	-----	-----	-----
Total	600,454	87,593	4,591,795	759,021	39,524	4,603,571
	=====	=====	=====	=====	=====	=====
No. of Persons	1	5	15	1	7	15
	=====	=====	=====	=====	=====	=====

34.1 In addition, the Managing Director is provided with fully maintained accommodation.

34.2 The Company borne part of the cost of the diesel generator supplied to the Managing Director, who retired.

34.3 The above figures do not include amounts and facilities paid or provided for by associated company to the Managing Director.

**35. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS**

<i>PARTICULARS</i>	<i>1999</i>			<i>1998</i>			
	<i>PURCHASES</i>	<i>RUPEES</i> <i>SALES</i>	<i>SERVICES</i>	<i>PURCHASES</i>	<i>RUPEES</i> <i>SALES</i>	<i>SERVICES</i>	
Pakistan Security Printing Corporation (Pvt) Ltd.	130,498	392,030,705		13,993	190,000	346,103,164	--
Pak Chemicals Limited	293,500	--		--	544,830	--	--
ABM Info Tech	--	--		64,455	--	--	--

*1999*  
*RUPEES*

*1998*  
*RUPEES*

**36. EARNING PER SHARE**

Earning Per Share, as per IAS 33 is as under  
Basic Earning Per Share

8.76                      6.97

=====

As there are no Diluted Potential Ordinary Shares, dividends and/or interest thereon or the changes in income or expense that would result from the conversion of the Dilutive Potential Ordinary Shares, therefore the basic and diluted earnings per share are same.

The data used for computing the above EPS is as under:

Net profit after taxation	154,031,183	122,575,296
No. of Issued, Subscribed and Paid up Ordinary Shares of Rs. 10/= each	17,585,466	17,585,466

**37. CAPACITY, PRODUCTION AND EMPLOYMENT**

37.1 The overall capacity of the plant on three shift basis is 1,380 (1998: 1,380) tonnes. Due to rationalization of the productive process, the plant produced 1,502 (1998: 1,443) tonnes of banknote and non-banknote paper.

37.2 The total No. of employees, including the Managing Director and other Executives, as at June 30, 1999 were 659 (1998: 666)

**38. GENERAL**

38.1 Figures have been rounded off to the nearest rupee.

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

**NUR AHMAD SHAH**  
Managing Director

**SHEIKH M. RAFIQ AKHTAR**  
Director

**FORM 34**

**Pattern of holding of the shares held by the shareholders of Security Papers Limited as on 30th June, 1999**

<i>No. of Shareholders</i>	<i>* Shareholding From</i>	<i>To</i>	<i>Total Shares held</i>
200	1	100	5017
175	101	500	43854
78	500	1000	53832
167	1001	5000	341777
23	5001	10000	156777
8	10001	15000	106183
1	15001	20000	16012
2	20001	25000	44998
1	25001	30000	29283
1	30001	35000	30821
1	35001	40000	35159

2	65001	70000	130810
1	75001	80000	79503
1	85001	90000	88922
1	95001	100000	96320
1	115001	120000	119518
2	260001	265000	261636
1	390001	395000	392492
1	465001	470000	466078
1	1260001	1265000	1262549
1	1445001	1450000	1448825
2	1755001	1760000	3517076
1	1815001	1820000	1818096
1	7035001	7040000	7039928

\* Note: There is no shareholding in the slabs not mentioned.

-----	673	TOTAL	-----	17585466	-----
=====			=====		=====

#### Categories of Shareholders

	Number	Shares held	Percentage
Individuals	650	992944	5.65
Investment Companies	3	1822921	10.37
Insurance Companies	6	2453613	13.95
Joint Stock Companies	6	10689485	60.79
Financial Institutions	6	1410665	8.02
Modaraba Companies	0	--	--
<b>Others:</b>			
Dawood Foundation	1	96320	0.55
Administrator Abandoned Properties	1	119518	0.67
Total	673	17585466	100.00

#### DECADE AT A GLANCE

30TH JUNE

(Rs. '000)

PARTICULARS	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Paid-up Capital	175,855	175,855	135,926	94,557	78,798	60,614	50,511	36,736	33,396	30,360
General Revenue Reserve	192,016	168,170	166,270	145,970	126,320	107,085	96,085	82,385	77,885	68,385
Plant Replacement Reserve	140,909	62,500	--	--	--	--	--	--	--	--
Employees' Training Reserve	--	14,196	10,724	8,191	5,938	4,108	2,608	--	--	--
Reserve for Bonus Shares	--	--	20,389	23,639	15,760	18,184	10,102	13,776	3,340	3,036
Fixed Assets at Cost	67,156	59,068	55,177	55,655	53,839	52,504	51,659	50,672	49,175	47,270
Accumulated Depreciation	49,143	47,619	46,852	46,291	45,174	44,111	43,196	42,197	41,246	40,627
Long Term Investments	336,872	193,866	81,616	71,116	71,116	71,116	63,076	57,426	42,519	22,073
Current Assets	266,363	286,324	254,417	184,713	146,136	135,499	106,902	89,587	86,084	87,023
Current Liabilities	133,455	102,700	52,923	38,261	42,589	29,118	24,475	23,266	22,228	15,755
Sales	399,046	347,220	253,256	225,287	183,066	149,915	134,821	126,028	102,485	101,511
Pre-Tax Profit	207,370	139,851	72,803	55,336	45,760	35,335	30,047	29,078	29,357	30,606
Provision for Taxation	53,339	17,276	11,860	9,759	8,938	4,685	(1,397)	7,998	10,762	12,201
Pre-Tax Profit to sales %	52.89	40.28	28.75	24.56	25.00	23.57	22.29	23.07	28.65	30.15
Pre-Tax Profit to Capital %	117.92	79.53	53.56	58.52	58.07	58.30	59.48	79.16	87.91	100.81
Current Ratio	2.00:1	2.79:1	4.81:1	4.83:1	4.65:1	4.65:1	4.37:1	3.85:1	3.87:1	5.52:1
Paid-up Value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Earning after tax per share (Rs.)	8.76	6.97	4.48	4.82	4.67	5.06	6.23	5.74	5.57	6.06
Cash Dividend %	37.50	20.00	--	--	--	--	10.00	7.50	17.50	17.50
Bonus Share %	--	12.50	30.00	25.00	20.00	30.00	20.00	37.50	10.00	10.00
Retained earning per share (Rs.)	18.93	13.93	14.52	18.81	18.79	21.35	21.55	26.19	24.32	23.56
Break-up value per share (Rs.)	28.93	23.93	24.52	28.81	28.79	31.35	31.55	36.19	34.32	33.56
Market value per share (Rs.)	18.00	20.00	32.00	61.00	83.00	115.00	87.00	47.75	40.00	34.00
<b>SHARE PERFORMANCE</b>										
a) Highest (Rs.)	20.00	31.75	64.50	87.25	117.00	125.00	100.00	47.75	40.60	36.50
b) Lowest. (Rs.)	17.75	20.00	32.00	60.00	83.00	81.50	48.00	41.00	34.00	34.00

c) Turnover of shares	8,169	152,841	267,872	12,934	64,420	14,688	37,807	18,790	9,965	15,561
<b>PRODUCTION (Tonnes)</b>										
Banknote Paper	1,393	1,272	1,376	1,308	1,169	1,362	1,257	1,197	1,152	1,185
Non-Banknote Paper	109	171	103	154	128	162	201	195	147	103
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	1,502	1,443	1,479	1,462	1,297	1,524	1,458	1,392	1,299	1,288
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====