

SHEEZAN INTERNATIONAL LIMITED

ANNUAL REPORT 2003

Directors' Report to the Members

We are pleased to present the 40th Annual Report of Shezan International Limited together with the Audited Accounts for the year ended June 30, 2003.

The year 2002-2003 was a challenging year for the company in view of the country's economic environment. We are facing all these challenges and are taking necessary action to maintain our position as one of the leading processors of fruits and vegetables in the country.

Our efforts are based on two fronts i.e. maintain our market share and at the same time to get fair margin on our products. We are also trying to achieve these objectives by diversifying into new products in order to enhance the sales and profitability of the company. There is an open competition in the market due to new entrants and imported products, since our country is signatory to WTO, it is expected that the duties of finished products would be gradually reduced and because of this we have to gear up our marketing team and make all out efforts to maintain our sales and profitability.

I am pleased to inform our shareholders that inspite of above scenario our sales figures increased from Rs. 772.1 86 million to Rs. 833.991 million during this year.

Financial results:

Our profit for the year ended June 30, 2003 was less than last year. There was a slight decrease which was primarily due to substantial increase in the selling and distribution expenses which were necessary to maintain market share of our products.

Six Years Review at a Glance

	Year 1998	Year 1999	Year 2000	Year 2001	Year 2002	Year 2003
Income						
Sales	591,166	657,119	695,179	738,391	772,186	833,991
Others	14,144	5,847	3,643	32,064	17,184	24,225
	605,310	662,966	698,822	770,455	789,370	858,216
Expenditure						
Cost of sales	468,348	517,477	528,989	572,604	598,075	650,198
Administrative, selling and general	92,362	93,552	100,569	110,894	114,246	132,870
Financial	953	898	1,995	2,857	3,270	3,019
Others	15,003	14,290	16,333	17,775	18,592	19,362
	576,666	626,217	647,886	704,130	734,183	805,449
Profit before taxation	28,644	36,749	50,936	66,325	55,187	52,767
Taxation	6,500	10,500	19,500	14,800	7,951	11,359
Profit after taxation	22,144	26,249	31,436	51,525	47,236	41,408
Paid-up capital	50,000	50,000	50,000	50,000	50,000	50,000
Reserves & unappropriated profits	106,870	108,119	109,555	131,080	148,316	162,224
Shareholders equity	156,870	158,119	159,555	181,080	198,316	212,224
Break up value per share in Rupees	31.38	31.62	31.91	36.22	39.66	42.44
Earnings per share in Rupees	4.43	5.25	6.29	10.31	9.45	8.28
Cash distribution per share in Rupees	3.5	5	6	6	6	5.5

Details of Directors, their Spouses and Mine

Children etc.

Name of Director	Relationship	Percentage	Shares
Mr. Muneer Nawaz	Self	7.12%	356,117
Mrs. Abida Muneer Nawaz	Wife	1.00 %	50,105
Miss. Annum Shahnawaz	Daughter	1.31%	65,500
Mr. Saifi Chaudhry	Self	0.21%	10,500
Mrs. Majeeda Begum	Self	0.16%	8,249
Mr. Mahmood Nawaz	Self	9.34%	467,107
Mrs. Bushra Mahmood Nawaz	Wife	0.07%	3,600
Mr. C. M. Khalid	Self	1.11%	55,530
Mrs. Amtul Hai Khalid	Wife	4.29%	214,506
Mr. M. Naeem	Self	0.28%	14,150
Mrs. Amtul Bari Naeem	Wife	3.31%	165,811
Mr. Muhammad Khalid	Self	0.02%	1,000
Mrs. Surriya Khalid	Wife	0.01%	500
Mr. Muhammad Nawaz Tishna	Self	-	N.I.T. Nominee
Mr. Muhammad Asif	Self	-	N.I.T. Nominee

Pattern of Shareholdings

as at June 30, 2003

Number of Shareholders	FromShareholdings To	Shares Held	
73	1	100	7,300
152	101	500	63,800
46	501	1,000	41,500
50	1,001	5,000	120,500
8	5,001	10,000	63,349
2	10,001	15,000	25,150
3	15,001	20,000	51,000
2	20,001	25,000	45,725
2	25,001	30,000	55,100
2	30,001	35,000	65,900
1	40,001	45,000	43,200
2	50,001	55,000	105,030
1	55,001	60,000	55,530
2	65,001	70,000	133,180
2	75,001	80,000	154,200
1	95,001	100,000	99,900
2	100,001	105,000	204,500
1	105,001	110,000	109,625
1	165,001	170,000	165,811
3	210,001	215,000	635,906
1	355,001	360,000	356,117
1	465,001	470,000	467,107
1	,930,001	1,935,000	1,930,570
359			5,000,000

Balance Sheet

as at June 30, 2003

	Notes	2003 (Rupees in thousands)	2002
NON-CURRENT ASSETS			
Tangible fixed assets			
Operating fixed assets	4	66,745	51,924
Capital work in progress	5	23,747	17,599
Investments	6	21,650	20,625
Long term deposits	7	4,160	2,792
		116,302	92,940
CURRENT ASSETS			
Stores and spares	8	796	1,020
Stock in trade	9	214,560	199,991
Trade debts	10	51,952	31,624
Advances, deposits, prepayments and other receivables	11	48,175	21,283
Cash and bank balances	12	17,971	27,550

		333,454	281,468
LESS: CURRENT LIABILITIES			
Short term running finances	13	20,867	-
Current maturity of obligations under finance lease	17	11,494	7,354
Creditors, accrued and other liabilities	14	146,343	119,219
Proposed dividend	15	27,500	30,000
Taxation		10,000	9,000
		216,204	165,573
WORKING CAPITAL			
TOTAL CAPITAL EMPLOYED		117,250	115,895
		233,552	208,835
NON-CURRENT LIABILITIES			
Deferred taxation	16	3,310	1,951
Obligations under finance lease	17	18,018	8,568
		21,328	10,519
NET CAPITAL EMPLOYED		212,224	198,316
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital	18	50,000	50,000
General reserve		155,000	145,000
Unappropriated profits		7,224	3,316
		212,224	198,316
CONTINGENCIES AND COMMITMENTS	19	-	-
		212,224	198,316

**Cash Flow Statement
for the year ended June 30, 2003**

			2003	2002
			(Rupees in thousands)	
Cash flow from operating activities				
Funds provided from operations:				
Adjustments for:				
Depreciation			10,760	9,325
Interest/mark-up			2,276	2,641
Profit on bank deposits			-218	-672
Dividend income			-20,125	-15,037
Provision for doubtful debts			-	-115
Gain on remeasurement of investment - Available for Sale			-1,025	-
Deterioration in value of shells, pallets and barrels			2,790	2,514
Gain on disposal of operating fixed assets			-688	-435
			6230	1779
Operating profit before working capital changes	46,537	53,408	46537	53408
(Increase)/decrease in current assets:				
Stores and spares			224	94
Stock in trade			-17,359	-21,679
Trade debts			-20,328	-14,534
Advances, deposits, prepayments and other receivables			(11,972)	7,673
			49435	28446
Increase/(decrease) in current liabilities:				
Short term running finances			20,867	-5,257
Creditors, accrued and other liabilities			26,990	9,154
47,857	3,897			
Cash generated from operations:	44,959	28,859		
Interest/mark-up paid	(2,157)	(2,641)		
Profit on bank deposits	318	861		
Income tax paid	(23,642)	(15,469)		
Net cash flow from operating activities	19,478	11,610		
Cash flow from investing activities				
Purchase of operating fixed assets			-4,129	-8,107
Capital work in progress			-3,767	-13,524
Sale proceeds from disposal of operating fixed assets			1,083	1,003
Dividend received			20,162	40,000
Long term deposits			(1,783)	-477
Net cash generated from investing activities	11,566	18,895		

Cash flow from financing activities			
Repayment of obligations under finance lease			-10,637
Dividend paid			-29,986
Net cash used in financing activities	(40,623)	(37,830)	
Net decrease in cash and cash equivalents	(9,579)	(7,325)	
Cash and cash equivalents at the beginning of the year	27,550	34,875	
Cash and cash equivalents at the end of the year	17,971	27,550	

**Profit and Loss Account
for the year ended June 30, 2003**

	Notes	2003 (Rupees in thousands)	2002
Sales	20	833,991	772,186
Cost of sales	21	650,198	598,075
Gross profit		183,793	174,111
Administrative and general expenses	22	32,038	29,836
Selling and distribution expenses	23	100,832	84,410
		132,870	114,246
Operating profit		50,923	59,865
Other income	24	24,225	17,184
		75,148	77,049
Financial charges	25	3,019	3,270
Other expenses and provisions	26	19,362	18,592
		22,381	21,862
Profit before taxation		52,767	55,187
Taxation	27	11,359	7,951
Profit after taxation		41,408	47,236
Unappropriated profits brought forward		3,316	6,080
Profit available for appropriation		44,724	53,316
Appropriations:			
Transfer to General reserve		10,000	20,000
Proposed dividend @ Rs. 5.57- per share (2002: @ Rs. 6/- per share)		27,500	30,000
		37,500	50,000
Unappropriated profits carried forward		7,224	3,316
Earnings per share in Rupees - Basic	28	8.28	9.45

Notes to the Accounts

for the year ended June 30, 2003

1. THE COMPANY AND ITS OPERATIONS

The Company is a Public Limited Company incorporated in Pakistan and is listed on Lahore and Karachi Stock Exchanges. The registered office of the company is situated at Bund Road, Lahore, Pakistan. It is engaged in the manufacturing, trading and sale of juices, pickles, preserves and flavorings based upon or derived from fresh fruits and vegetables.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Measurement:

These accounts have been prepared under historical cost convention, except for investment classified as "available for sale" which is stated at fair value.

3.2 Fixed Assets:

Owned Assets:

Fixed assets are stated at cost less accumulated depreciation except for freehold land and capital work in progress, which are stated at cost.

Depreciation is calculated using the reducing balance method at rates disclosed in note 4, which are considered appropriate to write off the cost of the assets over their useful lives.

Full year's depreciation is charged in the year of addition whereas no depreciation is charged in the year of disposal.

Leased Assets:

Leased assets held under finance lease are stated at cost less accumulated depreciation at the rates and basis applicable to company owned assets. The outstanding obligations under the lease less finance charges allocated to future period are shown as liability. The financial charges are calculated at the interest rates implicit in the lease and are charged to the profit and loss account.

Repairs and maintenance are charged to revenue. Material renewals and improvements are capitalized.

Gains and losses on disposal of operating fixed assets are recognized in the profit and loss account.

3.3 Investments:

Available For Sale:

All investments are initially recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as "available for sale" are measured at fair value, with unrealized gains and losses on these securities are recognized in profit and loss account for the year.

For the investments actively traded in financial markets, fair value is generally determined with reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, a reasonable estimate of the fair value is determined with reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

All purchases and sales of investments are recognized on the trade date, which is the date that the company commits to purchase or sell the investments.

Investment in Subsidiary:

Investment in subsidiary company is carried at cost as per requirements of IAS-27 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries".

3.4 Stores, Spares and Stock in Trade:

Stocks, stores and spares are valued at lower of cost or net realizable value except those in transit, which are valued at invoice value including other charges, if any, incurred thereon. Basis of determining cost is as follows: -

Raw materials	-	Monthly average
Finished goods	-	Yearly average
Mango pulp	-	Manufacturing cost according to annual average method
Bottles	-	Yearly average
Shells, pallets and barrels	-	Yearly average
Stores and spares	-	Monthly average
Goods in transit	-	Purchase cost

Notes to the Accounts

for the year ended June 30,2003

Shells, pallets and barrels are subject to a deterioration of 20% per annum using the reducing balance method.

Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and costs necessary to be incurred for its sale.

3.5 Trade Debts:

Trade debtors are carried at invoice amount on transaction date less any estimate for doubtful receivable.

Known bad debts are written off as and when identified.

3.6 Cash and Cash Equivalents:

For the purpose of cash flow statement, cash and cash equivalents comprise of cheques in hand, cash and bank balances.

3.7 Financial Instruments:

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. The company derecognises a financial asset or a portion of financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of financial asset. While a financial liability or part of financial liability is derecognised from the balance sheet when, and only when, it is extinguished, i.e.; when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets are investments, deposits, trade debts, advances, other receivables, cash and bank balances. These are stated at their nominal values as reduced by the appropriate allowances for estimating irrecoverable amount.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are short term running finance utilized under mark-up arrangements, creditors, accrued and other liabilities. Mark-up bearing finances are recorded at the gross proceeds received. Other liabilities are stated at their nominal value.

3.8 Offsetting of Financial Assets and Financial Liabilities:

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

3.9 Taxation:

Current:

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

Deferred:

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and liabilities and their carrying values. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The carrying amounts of all deferred tax assets are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

The tax rates enacted at the balance sheet date are used to determine deferred tax.

3.10 Revenue Recognition:

Sales are recorded upon dispatch of goods to the customers. However, export goods are considered sold when shipped on board.

Income from bank deposits is recognized on accrual basis.

Dividend income is recognized when right to receive is established.

3.11 Retirement Benefits:

The Company operates a recognised provident fund scheme for all permanent employees. Equal monthly contributions @ 8.33% of basic salary are made both by the company and the employees to the fund.

3.12 Financial Charges:

All mark up, interest and other charges are charged to profit and loss account on an accrual basis.

Notes to the Accounts for the year ended June 30,2003

8. STORES AND SPARES

Spares

9. STOCK IN TRADE

Raw materials

Packing materials

Bottles

Finished goods (Note: 9.1)

Shells, pallets and barrels

Less: Deterioration in value

Goods in transit

9.1 This include to Rs. (thous ands) 79,419
(2002: Rs. (thousands) 67,254).

10. TRADE DEBTS

Unsecured, considered good -

Due from associated undertakings (Note: 10.1)

Others

Considered doubtful - Others

Provision for doubtful debts

10.1 Maximum ag the end of any month, during
the year was Rs. (thousands) 198 (2002: Rs. (thousands) 187).

5. CAPITAL WORK IN PROGRESS

Civil works
and buildings

Plant and machinery
Owned

Leased

Electric
Fittings

Total

	2003 (Rupees in thousands)	2002
	796	1,020
	10,609	17,601
	42,695	29,179
	49,610	50,389
	99,767	91,907
	13,951	12,570
	2,790	2,514
	11,161	10,056
	718	859
	214,560	199,991

	2003 (Rupees in thousands)	2002
	-	-
	51,952	31,624
	51,952	31,624
	1,095	1,095
	1,095	1,095
	51,952	31,624

	(Rupees	in thousand	s)		
Balance as at July 01 , 2002	11,771	2,709-		3,119	17,599
Additions during the year	601	1,89720,520		1,399	24,417
Transferred to operating fixed assets	-12,171	-2,709-		-3,389	-18,269
Balance as at June 30, 2003	201	1,89720,520		1,129	23,747

2003
(Rupees in thousands)

2002

INVESTMENTS

Subsidiary company - unlisted -

Hattar Fruit Products Limited

2,500,000 (2002: 2,500,000) ordinary shares of Rs. 107- each at cost (Note: 6.1)

Available for sale:

Modaraba - listed -

Guardian Modaraba

250,000 (2002: 250,000) certificates of Rs. 107- each (Note: 6.2)

Gain on remeasurement

	20,000	20,000
	625625	
	1,025	-
	1,650	625
	21,650	20,625

6.1 Extent of holding of Rs. 107- based bonus shares. Break-up value of each share of Rs. 107- based bonus shares is Rs. 61.82 (2002: Rs. 64.37). It includes Rs. 107- each re-distributed as fully paid bonus shares.

Chief Executive of the company is Mr. Saifi Chaudhry.

6.2 The above investment represents 1.53% (2002: 1.53%) of the issued certificate capital of the company. The cost of the investment is Rs. (thousands) 2,500 (2002: Rs. (thousands) 2,500) and the market value as at June 30, 2003 was Rs. (thousands) 1,650 (2002: Rs. (thousands) 625).

2003

2002
(Rupees in thousands)

LONG TERM DEPOSITS

Leasing companies

Others

Less: Current maturity - Leasing companies

	2,327	2,769
	3,001	776
	5,328	3,545
	1,168	753
	4,160	2,792

Notes to the Accounts

for the year ended June 30, 2003

2003
(Rupees in thousands)

2002

15. PROPOSED DIVIDEND

Proposed @ Rs. 5.57- per share (2002: @ Rs. 6/- per share)

	27,500	30,000
--	--------	--------

16. DEFERRED TAXATION

This is comprised of the following:

Deferred tax liabilities

Difference in tax and accounting bases of owned assets

Difference in tax and accounting bases of leased assets

Deferred tax assets

Difference in tax and accounting bases of investments

Provision for doubtful debts

	3,585	8,598
	441	-5,573
	-297	-656
	-419	-418
	3,310	1,951

17. OBLIGATIONS UNDER FINANCE LEASE

The interest rates will become due are: from 8.40% to 14.24% (2002: 14.24% to 19.13%) during the period during which they

2003
(Rupees in thousands)

2002

Year ending June 30,

2003	-	9,400
2004	14,795	6,071
2005	11,355	2,479

2006

	7,022	-
Minimum lease payments (Note: 17.1)	33,172	17,950
Less: Future finance charges	3,660	2,028
	29,512	15,922
Less: Current maturity	11,494	7,354
	18,018	8,568

29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

29.1 Concentration of credit risk and credit exposures of the financial instruments

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Out of total financial assets of Rs. (thousands) 97,224 (2002: Rs. (thousands) 84,940), the financial assets which are subject to credit risk amounted to Rs. (thousands) 57,603 (2002: Rs. (thousands) 36,765). Concentration of credit risk may arise from exposure to a single debtor or to a group of debtors having similar characteristics such that their ability to meet their obligations is effected similarly by changes in economic or other conditions. Although the company operates mainly in the consumer industry but the management believes that it is not exposed to significant concentration of credit risk. The management limits its credit risk by an aggressive policy for approval of credit limits and by ensuring that the sales are made to customers with an appropriate credit history.

29.2 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to sale and purchase transactions with foreign undertakings. Payables exposed to foreign currency risks are identified as either "Creditors" or "Bills payable" and receivables exposed to foreign currency risks are identified as "Trade debts". The company does not view hedging as being financially feasible owing to the transactions of immaterial amounts involved.

29.3 Fair value of the financial instruments

The carrying amount of all financial assets and liabilities reflected in the financial statements approximates their fair values except for long-term investment in a subsidiary which is stated at cost as there is no impairment in the value thereof. Fair value is determined on the basis of objective evidence at each reporting date.

29.4 Interest rate risk management

Interest rate risk represents the value of a financial instrument which will fluctuate due to changes in market interest rate. Since the company borrows funds at fixed interest rates, exposure to interest rate risk is minimal.

29.5 Liquidity risk

Liquidity risk reflects the company's inability of raising funds to meet commitments. Management closely monitors the company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Notes to the Accounts

for the year ended June 30, 2003

30. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The related parties and associated undertakings comprise subsidiary company, related group companies, local associates, staff retirements funds, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	2003	2002
	(Rupees in thousands)	
Purchases of raw materials	61,229	64,197
Purchases of finished goods	121,795	102,165
Sales of raw materials	17,860	21,158
Sales of finished goods	10,588	11,850
Royalty charged	7,412	6,765
Purchases/repairs of electric equipment/vehicles	4	-
Services rendered	60	-
Dividend income	20,000	15,000
Contributions to staff retirement fund	1,149	1,110

Balance Sheet as at June 30, 2003

Notes	2003	2002
--------------	-------------	-------------

(Rupees in thousands)

NON-CURRENT ASSETS			
Tangible fixed assets			
Operating fixed assets	4	31,277	33,361
Capital work in progress	5-		47
Investment in associate	6	8,500	8,500
Long term deposits	7	221	224
Deferred taxation	15	326	1,067
		40,324	43,199
CURRENT ASSETS			
		1121	
Stores and spares	8	308	190
Stock in trade	9	73,128	57,286
Trade debts	10	51,699	41,802
Advances, deposits, prepayments and other receivables	11	12,832	16,649
Cash and bank balances	12	53,664	44,793
		191,631	160,720
LESS: CURRENT LIABILITIES			
Short term running finances	13-	-	
Current maturity of obligations under finance lease	16	1,055	1,595
Creditors, accrued and other liabilities	14	66,535	30,852
Taxation		9,000	10,000
		76,590	42,447
WORKING CAPITAL			
		115,041	118,273
TOTAL CAPITAL EMPLOYED			
		155,365	161,472
NON-CURRENT LIABILITIES			
Obligations under finance lease	16	810	544
NET CAPITAL EMPLOYED			
		154,555	160,928
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital	17	25,000	25,000
General reserve		129,000	135,000
Unappropriated profits		555	928
		154,555	160,928
CONTINGENCIES AND COMMITMENTS			
	18-	-	
		154,555	160,928

**Cash Flow Statement
for the year ended June 30, 2003**

	2003	2002
	(Rupees in thousands)	
Cash flow from operating activities		
Funds provided from operations:		
Profit before taxation	23,989	22,484
Adjustments for:		
Depreciation	4,681	4,887
Interest/mark-up	387	663
Profit on bank deposits	-974	-3,822
Deterioration in value of shells, pallets and barrels	1,989	864
	6,083	2,592
Operating profit before working capital changes	30,072	25,076
(Increase)/decrease in current assets:		
Stores and spares	-118	-37
Stock in trade	-17,831	(11,042)
Trade debts	-9,897	5,650
Advances, deposits, prepayments and other receivables	3,888	-677
	-23,958	-6,106
Increase/(decrease) in current liabilities:		
Creditors, accrued and other liabilities	35,683	2,456
	35,683	2,456
Cash generated from operations:		
Interest/mark-up paid	-387	-663
Profit on bank deposits	1,415	4,557
Income tax paid	(11,307)	-9,277

Net cash flow from operating activities	31,518	16,043
Cash flow from investing activities		
Purchase of operating fixed assets	-750	-168
Capital work in progress	-48	-47
Long term deposits	-175	-
Held to maturity investments	-	25,000
Net cash (used in) / generated from investing activities	-973	24,785
Cash flow from financing activities		
Repayment of obligations under finance lease	(1,674)	(1,585)
Dividend paid	-20,000	-40,000
Net cash used in financing activities	-21,674	-41,585
Net increase/(decrease) in cash and cash equivalents	8,871	-757
Cash and cash equivalents at the beginning of the year	44,793	45,550
Cash and cash equivalents at the end of the year	53,664	44,793

Profit and Loss Account
for the year ended June 30, 2003

	Notes	2003 (Rupees in thousands)	2002
Sales	19	286,412	240,295
Cost of sales	20	236,272	198,199
Gross profit		50,140	42,096
Administrative and general expenses	21	5,554	5,379
Selling and distribution expenses	22	18,000	14,176
		23,554	19,555
Operating profit		26,586	22,541
Other income	23	1,741	4,591
		28,327	27,132
Financial charges	24	714	957
Other expenses and provisions	25	3,624	3,691
		4,338	4,648
Profit before taxation		23,989	22,484
Taxation	26	10,362	8,204
Profit after taxation		13,627	14,280
Unappropriated profits brought forward		928	1,648
Profit available for appropriation		14,555	15,928
Appropriations:			
Transfer from General reserve		6,000	-
		20,555	15,928
Interim dividend @ Rs. 8/- per share (2002 @ Rs. 6/- per share)		20,000	15,000
Unappropriated profits carried forward		555	928
Earnings per share in Rupees - Basic	27	5.45	5.71

Statement of Changes in Equity
for the year ended June 30, 2003

	Share Capital (Rupees in thousands)	General Reserve	Unappropriated Profits	Total
Balance as at July 01, 2001	25,000	135,000	1,648	161,648
Profit after taxation for the year ended June 30, 2002	-	-	14,280	14,280
Dividend @ Rs. 6/- per share	-	-	-15,000	-15,000
Balance as at June 30, 2002	25,000	135,000	928	160,928
Profit after taxation for the year ended June 30, 2003	-	-	13,627	13,627
Transfer from General reserve	-	-6,000	6,000	-
Interim dividend @ Rs. 8/- per share	-	-	-20,000	-20,000
Balance as at June 30, 2003	25,000	129,000	555	154,555

Consolidated Cash Flow Statement
for the year ended June 30, 2003

2003
(Rupees in thousands) 2002

Cash flow from operating activities		
Funds provided from operations:		
Profit before taxation	55,055	62,671
Adjustments for:		
Depreciation	15,441	14,212
Interest/mark-up	2,663	3,304
Profit on bank deposits	-1,192	-4,494
Dividend income	-125	-37
Provision for doubtful debts	-	-115
Gain on remeasurement of investment - Available for Sale	-1,025	-
Deterioration in value of shells, pallets and barrels	4,779	3,378
Gain on disposal of operating fixed assets	-688	-435
	19,853	15,813
Operating profit before working capital changes	74,908	78,484
(Increase)Xdecrease in current assets:		
Stores and spares	106	57
Stock in trade	-33,489	-32,721
Trade debts	-19,300	-13,802
Advances, deposits, prepayments and other receivables	-8,084	6,996
	-60,767	-39,470
IncreaseX(decrease) in current liabilities:		
Short term running finances	20,867	-5,257
Creditors, accrued and other liabilities	51,748	16,528
	72,615	11,271
Cash generated from operations:	86,756	50,285
Interest/mark-up paid	-2,544	-3,304
Profit on bank deposits	1,733	5,418
Income tax paid	-34,949	-24,746
Net cash flow from operating activities	50,996	27,653
Cash flow from investing activities		
Purchase of operating fixed assets	-4,974	-8,275
Capital work in progress	-3,720	-13,571
Sale proceeds from disposal of operating fixed assets	1,083	1,003
Dividend received	162	-
Held to maturity investments	-	25,000
Long term deposits	-1,958	-477
Net cash (used in)/generated from investing activities	-9,407	3,680
Cash flow from financing activities		
Repayment of obligations under finance lease	-12,311	-9,419
Dividend paid	-29,986	-29,996
Net cash used in financing activities	-42,297	-39,415
Net decrease in cash and cash equivalents	-708	-8,082
Cash and cash equivalents at the beginning of the year	72,343	80,425
Cash and cash equivalents at the end of the year	71,635	72,343

**Consolidated Profit and Loss Account
for the year ended June 30, 2003**

	Notes	2003 (Rupees in thousands)	2002
Sales	21	970,439	877,537
Cost of sales	22	738,207	661,330
Gross profit		232,232	216,207
Administrative and general expenses	23	37,592	35,215
Selling and distribution expenses	24	118,832	98,586
		156,424	133,801
Operating profit		75,808	82,406
Other income	25	5,966	6,775
		81,774	89,181
Financial charges	26	3,733	4,227
Other expenses and provisions	27	22,986	22,283
		26,719	26,510
Profit before taxation		55,055	62,671
Taxation	28	21,721	16,155

Profit after taxation		33,334	46,516
Unappropriated profits brought forward		4,244	7,728
Profit available for appropriation		37,578	54,244
Appropriations:			
Transfer to general reserve		4,000	20,000
Proposed dividend @ Rs. 5.57- per share (2002: @ Rs. 6/- per sh are)		27,500 31,500	30,000 50,000
Unappropriated profits carried forward		6,078	4,244
Earnings per share in Rupees - Basic	29	6.67	9.3

Notes to the Consolidated Accounts
for the year ended June 30, 2003

31. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The related parties and associated undertakings comprise subsidiary company, related group companies, local associates, staff retirements funds, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

32. REMUNERATION OF CHIEF EXECUTIVE, PAID DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2003	2002	2003	2002	2003	2002
Total number	1	1	2	11	10	
			(Rupees in thousands)			
Managerial remun	777	749	1,551	1,460	3,104	2,702
Provident fund	55	54	106	100	208	185
Housing	258	258	516	516	1,161	1,099
Utilities	210	210	420	420	1,495	1,395
Medical	28	27	25	14	182	147
	1,328	1,298	2,618	2,510	6,150	5,528