

BROOKE BOND PAKISTAN LIMITED

ANNUAL REPORT 1995 - 1996

	Page No.
Notice of Meeting	3
Directors' Report	5
Pattern of Shareholdings	10
Auditors' Report	11
Balance Sheet	12
Profit and Loss Account	14
Cash Flow Statement	16
Notes to the Accounts	17
Five Years at a Glance	31

Corporate Information

Board of Directors

MR. KASSIM DADA, S.K. (Pak.), Off. L. II (Bel).

CHAIRMAN

MR, MASHKOOR AIAM

MAN-AGING DIRECTOR & CHIEF EXECUTIVE

MR. PHILLIP A. GREEN

DIRECTOR

MR. SHAHID GHAFAR

DIRECTOR

MR. IRTIZA HUSAIN

DIRECTOR

MR. OMAR H. KARIM

DIRECTOR

MR. A.K.M: SAYELD

DIRECTOR

MR, BADRUDDIN F. VELLANI

DIRECTOR

MR. S. GULREZ YAZDANI

DIRECTOR

MR. R.A.S. de MEL

COMPANY SECRETARY

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Bankers

ABN-AMRO Bank
ANZ Grindlays Bank
Allied Bank of Pakistan Limited
American Express Bank Ltd.
Bank of America NT & SA
Banque Indosuez
Citibank N.A.
Deutsche Bank
Emirates Bank International

Habib Bank Limited
The Hongkong a Shanghai
Banking Corporation
Muslim Commercial Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank
The Bank of Tokyo Ltd
United Bank Limited

Registered and Head Office

X-7, Sind Industrial Trading Estates,
Mauripur, Karachi. (Postal address: SITE P.O. Box 2705, Karachi-75730)

Regional Offices

Karachi - Lahore - Rawalpindi

Blending and Packing Factories

Karachi- Khanewal

Share Transfer Office

C/o. M/s. Ferguson Associates (Pvt) Ltd.,
Ground Floor, State Life Building 1-A, LL Chundrigar Road, P.O. Box 4716, Karachi-74000.

Notice is hereby given that the Forty Eighth Annual General Meeting of the shareholders of Brooke Bond Pakistan Ltd., will be held at the Hotel Holiday Inn, Crown Plaza, Shahrah-e-Faisal Karachi, on 22nd October 1996 at 1500 hours, to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Statement of Accounts of the Company for the eighteen months ended 30th June 1996 and the Reports of Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint Auditors for the year ending 30th June 1997 and fix their remuneration.
(Messrs A.F. Ferguson & Co., Chartered Accountants, retire and being eligible, have offered themselves for re-appointment).

SPECIAL BUSINESS

4. To approve the remuneration of the Chief Executive
(Note 1 below refers).

By the order of the Board
R.A.S. de Mel
Commercial Director &
Company Secretary.

Karachi: 30th September 1996.

Notes.

1. The Share transfer books of the company will be closed from 15th October 1996 to 22nd October 1996 both days inclusive. No transfers will be accepted for registration in the names of the transferees during this period.

2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend instead of him/he and such proxy will have the right to attend, speak and vote in place of the member. A Proxy must be a member of the Company.

3. Forms of proxy, in order to be valid, must be deposited at the Company's Registrar M/s. FERGUSON ASSOCIATES (PVT) LTD. Ground Floor, State Life Building 1-A, IJ. Chundrigar Road, P.O. Box 4716 Karachi 74000 not less than 48 hours before the appointed time for the meeting.

STATEMENT IN RESPECT OF SPECIAL BUSINESS

NOTE 1

Item 4 of Agendai Remuneration of the Chief Executive

According to Government regulations, it is necessary to obtain Shareholders approval for the holding of office of profit by any of the directors as well as their remuneration. It is therefore proposed to pass the following as an Ordinary Resolution:-

The approval is hereby given for the holding of office of profit with the Company by the Chief Executive, namely Mr. Mashkooor Alam and payment of remuneration to him of Rs. 5.4 million for the 18 months ended 30th June 1996 and of Rs. 4.6 million estimated for the year ending 30th June 1997, in accordance with his contract of service and the rules of the Company.

(The Chief Executive as a Director is interested to the extent of the remuneration payable to him).

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting their Annual Report together with the Company's audited accounts for the 18 month period ended June 30, 1996.

	Jan. 1, 1995 June 30, 1996	Jan. 1, 1994-- December 31, 1994 (Rupees '000)
Profit after taxation	523,249	184,134
Unappropriated profit carried forward	360	679
	-----	-----
	523,609	184,813
APPROPRIATIONS:		
Transfer to:		
General Reserve	27,000	82,000
Reserve for issue of Bonus Shares		34,151
Interim Dividend Rs. 12.50 per share (1994: Rs. 2.00/share)	149,411	17,076
Proposed final Dividend at Rs. 29.00 per share (1994: share Rs. 6.00/share)	346,633	51,226
	-----	-----
Unappropriated profit carried forward	523,044	184,453
	-----	-----
	565	360
	=====	=====

OPERATING RESULTS

Net Sales Revenue of Rs.6,137.6 million is a 15.7% improvement over Rs.5,305.6 million for the previous 18 months ended. December 31, 1994 and reflects gains in market share and partial pass through of cost increases. The Operating Profit at Rs.812.2 million is 90.7% better than the Rs.425.9 million for the previous eighteen months. Pre-tax profit at Rs.835.5 million is 99.7% improvement over the Rs.418.3 million for the 18 months period ended December 31, 1994. Profit after taxes at Rs.523.2 million is an 104.3% improvement compared to Rs.256.1 million for the previous eighteen months. These results primarily reflect the impact of the intense efforts of your company to improve the efficiencies and overall cost position.

The packeted tea business continues to suffer major setback as an estimated 25 million kilogram of tea intended for Afghanistan, which is exempt from duties and taxes (nearly 103% of C&F value) was smuggled into Pakistan by unethical traders during 1995. This smuggling of tea has continued unabated during 1995-1996 through Dubai-Iran route. Very little tea is being bought at the major world auctions by legitimate traders from Pakistan except those who are involved in the packeted tea sector. It is estimated by the Pakistan Tea Association that approximately 40 million Kgs of tea will be smuggled into Pakistan during calendar year 1996. We continue to be of the firm view that unless duties and taxes levied on import of tea are brought down to more reasonable levels, the unethical traders will continue to find ways to smuggle tea into the country, disrupt the legitimate trade and deprive the Government of receipt of duties and taxes. The Government imposed Sales Tax at 18% on packeted tea beginning July 1, 1996.

DIVIDEND

Earnings per share on the enhanced capital of Rs.119.5 million rose to Rs.43.78 for the eighteen months period January 1, 1995 - June 30, 1996 from Rs. 30.00 for the same period during 1993-94. Your Directors propose a final dividend of Rs. 29.00 per share which together with the Rs.12.50 per share interim already paid amounts to Rs. 41.50 for the eighteen months period.

PROSPECTS

The Management of your Company is making every effort to strengthen the business, increase sales and improve profitability. Outside the gains in the cost structure which have reflected in the profitability for the years 1995-96, Management's efforts of emphasizing and rewarding personal leadership and results, and not mere activity has begun to pay off. This effort will continue along with right sizing the Company during 1996-97.

The possibility of Pakistani Rupee devaluation against major foreign currencies, increases in the prices of tea, and smuggling of non duty paid tea are expected to create pressures and impact the business unfavourably. However, the Management of your Company is determined to do its utmost to improve its market share and financial performance.

AMALGAMATION

The proposed amalgamation of Brooke Bond Pakistan Ltd. with Lever Brothers Pakistan Ltd. is still under consideration of the Monopoly Control Authority.

STAFF RELATIONS

A two year agreement was satisfactorily concluded with the Karachi Factory Workers' Union in a cordial atmosphere and negotiations with the Khanewal Factory are presently underway.

The Board of Directors appreciates the dedicated efforts and contributions made by the individual employees towards the performance of your Company during 1995-96. The performance suggests that we have an unmatched base of talent in our employees.

AUDITORS

Messrs A.F. Fergusons & Co. retire and offer themselves for re-election as auditors for the ensuing year at a fee of Rs. 175,000.

We wish to thank our valued customers, shareholders, vendors and bankers for their confidence and support.

On behalf of the Board

KASSIM DADA

Chairman

MASHKOOR ALAM

Chief Executive

No. of Shareholders	Size of Holding		No. of Shares Held	
	844From	1To	100 Shares	30,479
	1089From	101To	500 Shares	277,489
	325From	501To	1000 Shares	236,362
	518From	1001To	5000 Shares	1,504,393
	61From	5001To	10000 Shares	439,333
	17From	10001To	15000 Shares	203,146
	6From	15001To	20000 Shares	111,088
	1From	20001To	25000 Shares	23,034
	1From	25001To	30000 Shares	27,993
-		From	40000 Shares	--
	3From	40001To	45000 Shares	127.85
	1From	45001To	50000 Shares	45,201
	1From	50001To	60000 Shares	59.72
	1From	60001To	70000 Shares	68,376
	1From	70001To	90000 Shares	85,356
	1From	90001To	155000 Shares	152,370
	1From	155001To	165000 Shares	161,280
	1From	165001To	215000 Shares	213,287
	1From	215001To	915000 Shares	911,833
	1From	915001To	2495000 Shares	2,493,152
	1From	2495001To	4785000 Shares	4,781,132
-----				-----
	2,875			11,952,864
=====				=====

Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage of Issued Capital
Individuals	2827	2,833,553	23.70%
Investment Companies	11	321,386	2.69%
Insurance Companies	7	1,208,255	10.11%
Joint Stock Companies	10	44,117	0.37%
Financial Institutions	9	2,740,820	22.93%
Associated Companies*	4	4,781,145	40.00%
Government Organizations	2	9,444	0.08%
Modaraba Companies	1	184	0.00%
Others - See below	4	13,960	0.12%
	-----	-----	-----
	2875	11,952,864	100.00%
	=====	=====	=====

Others:

1. Aminia Muslim Girls School Trust	2,672	0.02%
2. Pakistan Masonic Institutions	9,844	0.08%
3. Pak Shareholders Association	42	0.00%
4. Punjabi Saudagar Multipurpose Co-operative Society Ltd.	1,402	0.02%
	-----	-----
	13,960	0.12%
	=====	=====

* Note: Category includes the 40% shareholding of Brooke Bored Group Investments Ltd. London and also the group's nominee shareholders.

AUDITORS REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Brooke Bond Pakistan Limited as at June 30, 1996 and the related profit and loss account and cash flow statement, together with the notes forming part thereof, for the eighteen months then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with, the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
- (ii) the expenditure incurred during the period was for the purpose of the Company's business; and
- (iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;
- (c) in our opinion and to the best of Our information and according to the explanations given to us, the balance sheet, profit and loss account and cash flow statement, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1996 and of the profit and cash flows for the eighteen months then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A.F. Ferguson & Co.
Chartered Accountants

Karachi
Dated: 12 September, 1996

BALANCE SHEET

June	December
30, 1996	31, 1994

NOTE (Rupees '000)

SHARE CAPITAL AND RESERVES

Share capital

Authorised

20,0004000 ordinary shares of
Rs. 10 each (1994: 10,000,000)

		200,000	100.00
		=====	
Issued, subscribed and paid-up	2	119,529	85,378
Reserves	3	228,700	235,851
Unappropriated profit		565	360
		-----	-----
		348,794	321,58

DEFERRED TAXATION

2,170 -

CURRENT LIABILITIES

Running finance under mark-up arrangements	4	48,318	52,605
Creditors, accrued and other liabilities	5	525,526	363,687
Taxation		60,928	55,289
Dividends	6		
		-----	-----
		989,727	555,268

COMMITMENTS

	7		
		-----	-----
		1,340,691	876,857
		=====	

June
30, 1996

December
31, 1994

NOTE

(Rupees '000)

TANGIBLE FIXED ASSETS	8	56,365	48,145
Operating fixed assets	9	4,633	5,361
Capital Work-in-progress - at cost		-----	-----
		60,998	53,506
LONG-TERM LOANS	10	2,700	2,345
LONG-TERM DEPOSITS AND PREPAYMENTS	11	4,195	1,895
DEFERRED TAXATION		-	862
CURRENT ASSETS			
Stores and spares	12	2,907	3,898
Stock-in-trade	13	700,418	567,869

Trade 'debts	14	88,557	36,267
Loans and advances	15	42,053	1,367
Trade deposits and short-term prepayments	16	11,989	2,626
Other receivables	17	14,206	5,416
Short-term investments	18	200,000	100,000
Cash and bank balances	19	212,668	100,806
		-----	-----
		1,272,798	818,249
		-----	-----
		1,340,691	876,857
		=====	=====

The annexed notes form an integral part of these accounts.

KASSIM DADA	MASHKOOR ALAM
Chairman	Chief Executive

PROFIT AND LOSS ACCOUNT FOR THE EIGHTEEN MONTHS ENDED JUNE 30,1996

		Forthe year ended	
	Note	Jun 30,1996	December 31,1994
		(Rupees'000)	
Sales	20	6,137,618	3,730,806
Cost of goods sold	21	4,898,312	3,224,492
		-----	-----
Trading profit		1,239,306	506,314
Establishment and selling expenses	22	427,102	203,166
		-----	-----
Other income	23	100,904	29,611
		-----	-----
		913,108	332,759
Financial charges	24	16,175	10,252
Other charges	25	61,472	23,027
		-----	-----
		77,647	33,279
		-----	-----
Profit before taxation		835,461	299,480
Taxation	26	312,212	115,346
		-----	-----
Profit after taxation		523,249	184,134
Unappropriated profit brought forward		360	679
		-----	-----
		523,609	184,813
Appropriations			
Transfer to reserve for issue of bonus shares	-		34,151
Transfer to general reserve		27,000	82,000

First interim dividend @ Rs.2 (1994: Rs. 2) per share	23,906	17,076
Second interim dividend @ Rs.8.5 (1994: Nil) per share	101,599-	
Third interim dividend @ Rs.2 (1994: Nil) per share	23,906-	
Proposed final dividend @ Rs. 29 (1994: Rs. 6) per share	346,633	51,226
	-----	-----
	523,044	184,453
	-----	-----
Unappropriated profit carried form and	565	360
	=====	=====

The annexed notes form an integral part of these accounts.

KASSIM DADA	MASHKOOR ALAM
Chairman	Chief Executive

CASH FLOW STATEMENT FOR THE EIGHTEEN MONTHS ENDED JUNE 30, 1996

Note	For the year ended		
	June 30,199	December 31, 1994	
	(Rupees '000)		
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	30	703,099	313,124
Financial charges paid		(16,483)	(8,261)
Income taxes paid		(331,939)	(70,345)
Long term loans (net)		(355)	(1,237)
Long term deposits and prepayments (net)		(2,300)	(183)
		-----	-----
		(351,077)	(80,026)
		-----	-----
Net cash inflow from operating activities		352,022	233,098
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(17,491)	(5,097)
Sale proceeds of fixed assets		2,505	2,079
Return received on short-term investments and deposits		62,458	14,153
Exchange gains		13,033	-
Net cash inflow from investing activities		60,505	11,135
CASH FLOW FROM FINANCING ACTIVITIES			
Cash used in financing activities - dividend paid		(196,378)	(65,775)
		-----	-----
Net increase in cash and cash equivalents		216,149	178,458
Cash and cash equivalents at beginning of the period	31	148,201	(30,257)
		-----	-----
Cash and cash equivalents at end of the period	31	364,350	148,201
		=====	=====

The annexed notes form an integral part of these accounts.

KASSIM DADA
Chairman

MASHKOOR ALAM
Chief Executive

NOTICES TO THE ACCOUNTS FOR THE EIGHTEEN MONTHS ENDED JUNE 30,1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Accounting convention

These accounts have been prepared under the historical cost convention.

1.2 Accounting year

Consequent to the stipulation in Finance Act 1995 that the Income Year for the purpose of submitting the income tax return must end on June 30, the company decided to change the accounting year from December 31 to June 30. The Company has prepared these financial statements for a period of eighteen months ended June 30, 1996, whereas the comparative figures are for the year ended December 31, 1994.

1.3 Staff retirement benefits

The company operates:

(a) approved funded superannuation scheme for managerial staff and gratuity scheme for all permanent employees. Contributions are made annually to these schemes on the basis of actuarial recommendations. Actuarial valuation is made after every 3 years. Latest valuation for superannuation fund and gratuity fund was done on march 31, 1994 and June 30, 1995 respectively. The fair value of the scheme's assets as at the last valuation dates were Rs.32.177 million for the superannuation fund and Rs.16.229 million for gratuity fund against a past service liability of the schemes at the same valuation date of Rs.39.676 million, and Rs.11.703 million respectively. Company's annual contributions for each of the schemes are adjusted to allow for the deficit. The attained age method, an expected increases in salary level of 4% and 8% for superannuation and gratuity fund respectively alongwith a 8% to 10% expected rate of interest are used for the valuation of the schemes.

(b) approved contributory provident fund for all employees.

1.4 Taxation

Provision for current taxation' is based on taxable income at the current rates of taxation. The Company accounts for deferred taxation on all material timing differences using liability method.

1.5 Fixed capital expenditure and depreciation

Operating fixed assets except freehold land are stated at cost less accumulated depreciation. Freehold land and capital work-in-progress are stated at cost.

Leasehold land is amortized over the period of lease. Depreciation on all other assets is charged to income applying the reducing balance method. Depreciation on additions and disposals during the year is charged for the full year and to the date of disposal respectively,

Maintenance and normal repairs are charged to income as and when incurred; major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to profit and loss account.

1.6 Stores and spares

Stores and spares are valued at average cost. Items in transit are valued at cost comprising invoice value and other charges paid thereon.

1.7 Stock-in-trade

	June 30, 1996	December 31, 1994
	(Rupees '000)	
Deposits - others	1,515	1,091
Creditors	126,572	169,393
Accrued liabilities	89,667	66,251
Bills payable	242,070	92,458
Advance payments from customers	5,649	7,026
Mark-up on running finance	1,220	1,569
Excise duty	36	56
Workers' profits participation fund- note 5.1	47,102	18,317
Workers' welfare fund	10,597	6,593
Others	1,098	933

	525,526	363,687
	=====	

5.1 WORKERS' PROFITS PARTICIPATION FUND

Balance as at January 1	18,317	11,558
Allocation for the period	44,951	16,227

	63,268	27,785
Interest on fund utilized in Company's business	2,088	2,027

	65,356	29,812
Amount paid to Fund's Trustees or deposited with Government	18,254	11,495

Balance's at June 30, 1996	47,102	18,317
	=====	

6. DIVIDENDS

Unpaid	1,796	649
Unclaimed	6,526	3,414
Proposed	346,633	51,226

	354,955	55,289
	=====	

7. COMMITMENTS

(a) Capital commitment outstanding at June 30, 1996 amounted to Rs.1.376 million (1994:Rs.0.91 million).

(b) Commitments for rentals under lease agreement are as follows:

Year	Rupees '000
1996-97	12,116
1997-98	10,462
1998-99	6,783
1999-2000	2,559

8. OPERATING FIXED ASSETS

(a) The following is a statement of operating fixed assets:

	Cost as at January 1, 1995	Additions/ (disposals)/ reclassification	Cost as at June 30, 1996	Accumulated depreciation as at January 1, 1995	Depreciation charged during the period	Depreciation on disposals during the period	Accumulated depreciation as at June 30, 1996	Net book value as at June 30, 1996	Annual rate of depreciation
Rupees in thousand									
Freehold land	187	-	187	-	-	-	-	187	-
Leasehold land	2,149	-	2,149	-	146	11	157	1,992	-
Roads and buildings on freehold land	19,626	-	3,109	22,74	14,188	1,099	15,287	7,448	10
Roads and buildings on Leasehold land	10,63	-	1,342	12,113	6,588	614	7,202	4,911	5 & 10
Plant and machinery	59,618	*(140)	11,529	71,007	34,830	4,809	39,639	31,368	10
Furniture, fixtures and office equipments	17,569	(447)	1,223	18,345	8,334	1,629	9713	8,632	10
Computer installation	2,621	(375)	28	2,274	2,066	153	1,911	363	20
Vehicles	6,976	(3,627)	988	4,337	5,080	619	2,873	1,464	20
	119,377	(4,449)	18,219	133,147	71,23	8,934	(3,384)	76,782	56,365
1994	122,533	(5,630)	2,474	119,377	70,476	5,459	(4,703)	71,23	48,145

(b) Following are the details of fixed assets disposed off:

	Original cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of sale	Particulars of buyers
(Rupees in thousand)						
FURNITURE, FITTINGS AND OFFICE EQUIPMENT						
Typewriter	20		9	11	9Negotiation	M/s. Sun International Gulistan Chambers 4th Floor, Suite 8 Zd M, Central Commer-

						cial Avenue, KECHS Sultan Ahmed Shah Road, Karachi.
Photocopier	28	15	13		"	Office Automation System
"	90	56	34		"	(Pvt) Ltd.
"	115	42	73		"	22-6/1 Block 6
"	20	12	8	130	"	PECHS
"	20	12	8		"	P.O. Box 8910
"	20	12	8		"	Karachi
Airconditioner	13	9	4		"	R.S. Refrigeration
"	15	7	8		"	R-520/19
"	18	8	10	9	"	Al-Noor Society
"	9	8	1		"	F.B. Area Karachi.
Furniture	19	14	5		"	Mr. Mohammad Younas
	59	46	13	26	"	C/o. Azam Plastic
					"	Street No. 1-G
					"	Behar Colony, Karachi
COMPUTER	149	138	11	3	"	Mr: Riaz A. Javaid
"	106	78	28	4	"	Employee
"	41	28	13	3	"	Mr. Aftab A. Khan
"	79	64	15	3	"	Employee Mr. Kamal Mustafa Employee Mr. Yousuf Rehman Employee
VEHICLES	250	220	30	102	Tender	Rana Ghulam Shabbir Mazda Contractor Brooke Bond Godown, Bahawalpur.
Truck						
"	269	220	49	194	Negotia - tion	Mr. Saiiad Hussain H. No. 312 Bohar Colony Mirpur, Azad Kashmir.
Truck	376	271	105	200	Negotiation	M/s. Wazimddin - Carriage Contractors c/o BBPL Multan DO, Old Shujabad Road, Nawabshah
"	269	226	43	140	Tender	Mr. Mehmood 1498/155, Kandyaro District Nawabshah
"	376	286	90	282	"	Mr. Raza Mohammad' Chek No. 363 J.B. Tehsil Gojra, Distt Toba Tek Singh

"	376			286	90	282	"	Mr. Mohammad Naseeb 64-Circular Road Lahore
pajero Jeep	465			382	83	361	"	M/s. General Trading Co. A-2, Ruqiyah Square Block 14, F.B. Area Karachi.
"	440			361	79	289	"	Mr. Rao Nisar Abroad IBA Staff Town Karachi University Karachi.
Car	11			3	8	10	"	Mr. Siraj Ansary Ex-Executive
"	11			3	8	10	"	Mr. T.A. Mirza Ex-Executive
"	136			96	40	50	"	Mr. Burhanuddin Petiwala, Employee
"	141			89	52	65	"	Mr. Nasir Bashit Employee
"	364			273	91	250	Insurance claim	Commercial Union Assurance Co. Plc. Commercial Union Building, 74/I-A Lalazar, M.T. Khan Road, Karachi.
Motorcycle	30	16	14	30			"	-do-
"	28			19	9	12	Negotiation	Mr. Younas Masih Employee
"	27			20	7	10	"	Mr. Saifuddin Employee
							June 30, 1996	December 31, 1994

(Rupees '000)

9. CAPITAL WORK-IN-PROGRESS

Plant & machinery	850	2,929
Advances to suppliers	3,783	2,432

	4,633	5,361
	=====	

10. LONG-TERM LOANS - considered good

Loans to:		
Executives	731	230
Other employees	1,969	2,115

	2,700	2,345
	=====	
Outstanding for period exceeding three years	10	149
Others	2,690	2,196

	2,700	2,345
	=====	
Maximum amount due from executives at the end of any month during the period	3,016	335
	=====	

The loans under the schemes have been provided to the executives and other employees of the Company to facilitate purchase of vehicles and furniture and are repayable over a period of four to thirteen years.

11. LONG-TERM DEPOSITS AND PREPAYMENTS

	June 30, 1996	December 31, 1994
	(Rupees '000)	
Deposits	3,571	1,833
Prepayments	624	62

	4,195	1,895
	=====	

12. STORES AND SPARES

Stores	721	1.16
Spares	3,063	3,378
Advertising material	-	242

	3,784	4,775
Less: Provision for slow moving and obsolete items	(877)	(877)

	2,907	3,898
	=====	

13. STOCK-IN-TRADE

Raw materials (including in-transit Rs. 94.4 million; 1994:Rs.158.1 million)	483.98	348,421
Packing materials (including in-transit Rs. Nil; 1994:Rs.0.492 million)	58,490	35,673
Work-in-process	9,198	274

	451,664	384,368
Finished goods	252,582	189,658
Provision for obsolete and damaged stock	(3,828)	(6,157)

	248,754	183,501

	700,418	567,869
	=====	
14. TRADE DEBTS- unsecured		
Considered good	88,557	36,267
Considered doubtful	6,669	8,158

	95,226	44,425
Less: Provision for doubtful debts	6,669	8,158

	88,557	36,267
	=====	
15. LOANS AND ADVANCES- considered good		
Loans to:		
Executives	386	67
Employees	392	580

	778	647
Advances to:		
Chief Executive	-	10
Executives	154	66
Employees	432	520
Suppliers for goods and services	7,434	124
Custom duties	33,255	-

	41,275	720

	42,053	1,367
	=====	
16. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Deposits		
Letter of credit margins	4,583	-
Trade	436	360

	5,019	360

	6,970	2,266
Prepayments	11,989	2,626
17. OTHER RECEIVABLES		
Octroi and wharfage recoverable	2,637	916
Sales tax receivable	1,350	140
Accrued return on short-term investments and deposits	8,428	3,928
Others	1,791	432

	14,206	5,416

18. SHORT-TERM INVESTMENTS

Certificates of Investment of

- National Development Leasing Corporation	100,000	-
- Industrial Development Bank of Pakistan	100,000	-
- Standard Chartered Meryantile Leasing Company Limited	-	100,000

	200,000	100,000
	=====	

19. CASH AND BANK BALANCES

with banks on
deposit accounts (including US\$ 2.217 million;
1994: US\$ 2.053 million)
current and collection accounts

Cash and cheques in hand	2,808	916
Cash-in-transit	61,064	33,454

	212,668	100,806
	=====	

Forthe year
Juneended December
30,1996 31,1994

(Rupees '000)

20. SALES

Local	6,369,055	3,914,602
Less: Commission, discounts etc.	239,333	196,054

	6,129,722	3,718,548
Exports	7,896	12,258

	6,137,618	3,730,806
	=====	

21. COST OF GOODS SOLD

Raw and packing materials consumed	4,805,477	2,982,946
Salaries, wages and benefits - note 21.1	127,900	81.43
Fuel and power	7,234	3,616
Travelling and vehicle running expenses	4,024	1,003
Rent, rates and taxes	3,057	1,926
Insurance	2,829	1,657
Communication	881	612
Repairs and maintenance	11.69	8,335
Depreciation	6.86	3,933
Stationery	661	370
Other expenses	1,878	1,342
Opening work-in-process	0.27	5310

Closing work-in-process	(9,198)	(274)

Cost of goods manufactured	4,963,565	3,092,208
Opening stock of finished goods	183,501	315,785
Closing stock of finished goods	(248,754)	(183,501)

	4,898,312	3,224,492
	=====	

Salaries, wages and benefits include Rs.3,389 thousand (1994: Rs. 4,284 thousand) in respect of staff retirement benefits.

		Forthe year ended
	June	December
	30,1996	31,1994
	(Rupees' 000)	

22. ESTABLISHMENT AND SELLING EXPENSES

Salaries, wages and benefits, note 22.1	53,564	40,047
Rent, rates and taxes	5,527	2,460
Lease rentals	14,365	5,379
Electricity and gas	848	475
Insurance	4,982	3,291
Repairs and maintenance	5,787	2,425
Depreciation	2,074	1,526
Travelling	10,731	5,705
Advertising and public relations	143,182	48,523
Carriage outward	64,671	34,265
Octroi	91,583	43,226
Auditors' remuneration - note 22.2	1,018	510
Motor vehicle running	7,899	4,162
Communication	6,478	2,066
Stationery	3,652	1,895
Provision for doubtful debts	(1,489)	2,574
Other expenses - see note below.	12,230	4,637

	427,102	203,166
	=====	

Note:

Donations of Rs. 819 thousand (1994:Rs.859 thousand) is included under "other expenses"; out of which Rs.400 thousand have been given to Brooke Bond Pakistan Foundation, in which all director's are trustees. Rs. 130 thousand have been given to Layton Rahimtullah Benevolent Trust of which Mr. Irtiza Hussain, a director of the company is a trustee. Rs. 50 thousand has been given to Rotary Club Charitable Trust of which Mr. Kassim Dada, Chairman of the company is a trustee.

22.1 Salaries, wages and benefits include Rs.4,818 thousand (1994:Rs.4,467 thousand) in respect of staff retirement benefits.

22.2 Auditors' remuneration

		Forthe year ended
	June	December
	30, 1996	31, 1994

(Rupees' 000)

Audit fee	140	115
Workers' profits participation and employees' funds' audits	79	40
Taxation services	95	80
Special reports, certifications and sundry services	590	225
Out-of-pocket expenses	69	50
Central Excise Duty	45	-
	-----	-----
	1,018	510
	=====	=====

23. OTHER INCOME

Profit on disposal of fixed assets	1,440	1,264
Sundry scrap sales	16,786	10,882
Insurance commission	2,245	1,470
Return on short-term investments and deposits	66,958	15,917
Exchange gains	13,033-	
Miscellaneous	442	78
	-----	-----
	100,904	29,611
	=====	=====

24. FINANCIAL CHARGES

Mark-up on running finance	8,449	3,953
Bank charges	5,449	3,598
Exchange loss	-	393
Excise duty	189	281
Interest on workers' profits participation fund	2,088	2,027
	-----	-----
	16,175	10,252
	=====	=====

25. OTHER CHARGES

Workers' profits participation fund	44,951	16,227
Workers' welfare fund	16,521	6,800
	-----	-----
	61,472	23,027
	=====	=====

26. TAXATION

Current		
Pakistan	293,200	110,700
Azad Kashmir	17,300	7,300
	-----	-----
	310,500	118,000
Prior years - Pakistan	(1,320)	2,095
	-----	-----
	309,180	120,095
Deferred	3,032(4,749)	
	-----	-----
	312,212	115,346
	=====	=====

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount for remuneration, including all benefits to the chief executive and executives of the Company, charged in these accounts were as follows:

	Chief Executive		Executives	
	Year ended		Year ended	
	June 30, 1996	December 31, 1994	June 30, 1996	December 31, 1994
	Rupees '000			
Managerial remuneration	2,826	1,486	13,709	7,658
Rent	1,035	581	5,415	3,216
Utilities	234	226	1,196	515
Medical expenses	44	40	912	421
Entertainment	90	54	-	97
Retirement benefits	632	318	2,880	1,507
Leave passage	590	295	830	619
	-----	-----	-----	-----
	5,451	3,000	24,942	14,033
	=====	=====	=====	=====
Number of persons	1	1	42	35
	=====	=====	=====	=====

In addition, the chief executive and certain executives are provided with free use of the Company's maintained cars and house hold equipment's.

Seven (1994: Six) non-executive directors were paid fees only aggregating to Rs.32,500 (1994: Rs.13,500).

28. ASSOCIATED UNDERTAKINGS

The aggregate amount of the Company's purchases from associated undertakings during the period amounted to Rs.2,240 million (1994:Rs.1,429 million).

29. CAPACITY AND PRODUCTION

It is not possible to determine the production capacity of the factories since this is dependent on the relative proportions of the various sized packets produced and, therefore, varies form period to period according to consumer demand.

	Forthe year ended	
	June 30, 1996	December 31, 1994

(Rupees' 000)

30. CASH GENERATED FROM OPERATIONS

Profit before taxation		
Adjustments for non cash charges and other items:		
	835,461	299,480
Depreciation	8,934	5,459
Profit on sale of fixed assets	(1,440)	(1,264)

Return on short-term investments and deposits	(66,958)	(15,917)
Financial charges	16,175	10,252
Donation of fixed assets	-	112
Exchange gains	(13,033)	-
Working capital changes - note 30.1	(76,040)	15,002

	(132,362)	13,644

	703,099	313,124
	=====	

30.1 Working capital changes

(Increase)/decrease in current assets	991	3,078
Stores and spares	(132,549)	217,168
Stock-in-trade	(52,290)	(5,114)
Trade debts	(40,686)	295
Loans and advances	(9,363)	5,931
Trade deposit and short-term prepayments	(4,290)	571
Other receivables	-----	
	(238,187)	221,929
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	162,147	(206,927)

	(76,040)	15,002
	=====	

31. CASH AND CASH EQUIVALENTS

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

Cash and bank balances	212,668	100,806
Short-term investments	200,000	100,000
Running finance under mark-up arrangements	(48,318)	(52,605)

	364,350	148,201
	=====	

KASSIM DADA

Chairman

MASHKOOR ALAM

Chief Executive

FIVE YEARS AT A GLANCE

(Rupees in million)

	1996	1994	1993	1992	1991
(18 MONTHS)					
FINANCIAL POSITION					
Paid-Up Capital	119.5	85.4	71.1	64.7	55.4
Reserves & Surplus	229.3	236.2	134.7	92.7	84.1
Shareholders Equity	348.8	321.6	205.8	157.4	139.5
Capital Reserves	0.0	0.0	0.0	0.0	0.0
Deferred Taxation	2.2	(0.9)	3.9	6.6	6.2
Long Term Loans	0.0	0.0	0.0	0.0	0.0
Current Liabilities	989.7	504.0	6928.0	566.5	582.8

Total Assets		1340.7	876.8	902.4	730.5	728.5
Fixed Assets (Gross)		133.1	119.3	122.5	119.4	113.3
Accumulated Depreciation		76.8	71.2	70.5	66.5	62.5
Fixed Assets (Net)		56.4	48.1	52.1	52.9	50.8
Capital Work in Progress		4.6	5.4	2.7	3.4	4.6
long Term Investment		0.0	0.0	0.0	0.0	0.0
Current Assets		1272.8	818.2	844.8	671.0	669.9

OPERATING POSITION

Sales (Net)		6137.6	3730.8	3,185.8	2,699.5	2,274.1
Cost of Sales		4898.3	3,224.5	2,825.0	2,416.0	2,030.5
Gross Profit		1239.3	506.3	360.8	283.5	243.6
Operating Expenses		427.1	203.2	171.0	172.2	150.9
Operating Profit		812.2	303.1	189.8	111.3	92.7
Financial Charges		16.2	10.3	8.6	6.9	27.9
Other Income		100.9	29.6	21.6	20.4	17.0
Prior Years Adjusters		0.0	0.0	0.0	0.0	0.0
Profit before Taxation		835.5	299.5	188.7	116.2	76.4
Taxation	Current	313.5	113.3	76.3	51.1	33.0
	Prior Years	(1.3)	2.1	0.0	1.9	2.6
	Total	3122.0	115.4	76.3	53.0	35.6
Profit After Taxation		523.2	184.1	112.4	63.2	40.8

RATIOS

Break Up Value		29.2	37.7	29.0	24.3	25.2
Assets Turnover		4.6	4.3	3.5	3.7	3.1
Return on Assets %		62.3	34.2	20.9	15.9	10.5
Return on Equity %		156.1	69.8	61.9	42.6	30.37
Debt/Equity Ratio		0.0	0.0	0.0	0.0	0.0
Current Ratio		1.3	1.6	1.2	1.2	1.2
Earnings Per Share Pre Tax		69.9	35.1	26.5	18.0	13.8
Earnings Per Share After Tax		43.8	21.6	15.8	9.8	7.4
Average Price To Break Up Value		6.06	6.1	5.4	4.2	3.2
Retention		5.2	44.4	30.4	18.2	2.6
Earnings Growth		184.2	63.8	77.9	54.9	20.4
% of Gross Profit to Sales		20.2	13.6	11.3	10.5	10.7
% of Pre-Tax Profit to Sales		13.6	8.0	5.9	4.3	3.4
% of After Tax Profit to Sales		8.5	4.9	3.5	2.3	1.8
Payout Ratio After Tax		94.8	55.6	69.6	81.9	97.4

DISTRIBUTION

Cash Dividend	%	415.0	80.0	90.0	70.0	55.0
Stock dividend	%		40.0	20.0	10.0	16.7
Total	%	415.0	120.0	110.0	80.0	71.7

SHARE PRICE Rs.

High		2,290	309.0	210.0	132.0	112.0
Low		151.0	200.0	128.0	72.0	49.5
Average		177.0	230.0	155.5	1020.0	80.8