

**PACKAGES LIMITED**

**BALANCE SHEET AS AT DECEMBER 31, 2000**

		December 31, 2000	June 30, 2000			December 31, 2000	June 30, 2000
	Note	(Rupees in thousand)			Note	(Rupees in thousand)	
<b>SHARE CAPITAL AND RESERVES</b>				<b>FIXED CAPITAL EXPENDITURE</b>			
Authorised capital				Operating fixed assets	12	2,452,537	#####
60,000,000 (June 30, 2000: 50,000,000) ordinary shares of Rs 10 each		<u>600,000</u>	<u>500,000</u>	Assets subject to finance lease	13	159,500	165,000
Issued, subscribed and paid up capital	3	452,734	411,577	Capital work-in-progress	14	257,381	79,696
Reserves	4	1,832,262	1,770,782			<u>2,869,418</u>	#####
Unappropriated profit		640	583				
		<u>2,285,636</u>	<u>2,182,942</u>	<b>LONG-TERM INVESTMENTS</b>	15	459,616	459,620
<b>REDEEMABLE CAPITAL - SECURED</b>	5	250,000	300,000	<b>LONG-TERM LOANS, DEPOSITS AND OTHER RECEIVABLES</b>	16	349,394	474,058
				<b>RETIREMENT AND OTHER BENEFITS</b>	17	16,222	19,789
<b>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>	6	105,600	123,200	<b>CURRENT ASSETS</b>			
				Stores and spares	18	277,781	265,445
<b>LONG TERM LOANS AND OTHER PAYABLES - SECURED</b>	7	536,043	739,531	Stock-in-trade	19	629,719	546,970
				Trade debts	20	463,807	461,890
<b>DEFERRED LIABILITIES</b>	8	547,769	552,232	Loans, advances, deposits, prepayments and other receivables	21	332,944	287,082
				Cash and bank balances	22	512,679	603,381
<b>CURRENT LIABILITIES</b>						<u>2,216,930</u>	#####
Current portion of							
Redeemable capital	5	100,000	100,000				
Liabilities against assets subject to finance lease	6	35,200	35,200				
Long term loans and other payables	7	620,927	673,384				
Finances under mark up arrangements - secured	9	786,082	594,340				
Creditors, accrued and other liabilities	10	553,776	478,791				
Proposed dividend		90,547	172,862				
		<u>2,186,532</u>	<u>2,054,577</u>				
<b>CONTINGENCIES AND COMMITMENTS</b>	11						
		<u><u>5,911,580</u></u>	<u><u>5,952,482</u></u>			<u><u>5,911,580</u></u>	#####

The annexed notes form an integral part of these accounts.

Chief Executive

Director

# PACKAGES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD JULY 1, 2000 TO DECEMBER 31, 2000

	Note	December 31, 2000 (Rupees in thousand)	Year to June 30, 2000
Sales	23	2,236,407	4,165,603
Cost of goods sold	24	<u>1,882,131</u>	<u>3,375,218</u>
Trading profit		354,276	790,385
Selling, administration and general expenses	25	<u>168,688</u>	<u>308,238</u>
Operating profit		185,588	482,147
Other income	26	<u>196,404</u>	<u>401,629</u>
		381,992	883,776
Financial charges	27	<u>123,551</u>	<u>300,871</u>
Other charges	28	<u>16,514</u>	<u>31,681</u>
		140,065	332,552
Profit before taxation		241,927	551,224
Provision for taxation	29	48,686	122,521
Profit after taxation		<u>193,241</u>	<u>428,703</u>
Unappropriated profit brought forward		583	899
Available for appropriation		<u>193,824</u>	<u>429,602</u>
Appropriations:			
- Transferred to general reserve		<u>80,000</u>	<u>215,000</u>
- Transferred to reserve for issue of bonus shares		<u>22,637</u>	<u>41,157</u>
- Dividend - final Rs 2 per share (June 30, 2000: Rs 4.2 per share)		<u>90,547</u>	<u>172,862</u>
		193,184	429,019
Unappropriated profit carried forward		<u>640</u>	<u>583</u>
Earnings per share	38	<u>4.27</u>	<u>9.47</u>

The annexed notes form an integral part of these accounts.

**Chief Executive**

**Director**

# PACKAGES LIMITED

## CASH FLOW STATEMENT FOR THE PERIOD JULY 1, 2000 TO DECEMBER 31, 2000

	Note	December 31, 2000 (Rupees in thousand)	Year to June 30, 2000
<b>Cash flow from operating activities</b>			
Cash generated from operations	36	330,846	787,590
Financial charges paid		(119,380)	(330,524)
Vacation pay paid		(972)	-
Taxes paid		(54,422)	(84,354)
<b>Net cash inflow from operating activities</b>		156,072	372,712
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(220,659)	(459,584)
Net decrease in long-term loans, deposits and other receivables		124,664	445,104
Sale proceeds of fixed assets		4,663	9,446
Dividend received		143,104	219,208
Net (increase) in long term investments		-	(167,668)
<b>Net cash inflow from investing activities</b>		51,772	46,506
<b>Cash flow from financing activities</b>			
Proceeds from redeemable capital, long term loans, finance lease and other payables		78,636	382,435
Repayment of redeemable capital, long term loans and other payables		(384,581)	(772,616)
Payment of finance lease liabilities		(17,600)	(38,012)
Dividend paid		(166,743)	(153,108)
<b>Net cash (outflow) from financing activities</b>		(490,288)	(581,301)
<b>Net (decrease) in cash and cash equivalents</b>		(282,444)	(162,083)
<b>Cash and cash equivalents at the beginning of the period</b>		9,041	171,124
<b>Cash and cash equivalents at the end of the period</b>	39	(273,403)	9,041

The annexed notes form an integral part of these accounts.

**Chief Executive**

**Director**

# PACKAGES LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD JULY 1, 2000 TO DECEMBER 31, 2000

Rupees in thousand

	Share capital	Share premium	Reserve for issue of bonus shares	General reserve	Un-appropriated profit	Total
Balance as on June 30, 1999	411,577	203,589	-	1,311,036	899	1,927,101
Net profit for the year	-	-	-	-	428,703	428,703
Transferred from profit and loss account	-	-	-	215,000	(215,000)	-
Transferred to reserve for issue of bonus shares	-	-	41,157	-	(41,157)	-
Dividend - final Rs 4.2 per share	-	-	-	-	(172,862)	(172,862)
Balance as on June 30, 2000	411,577	203,589	41,157	1,526,036	583	2,182,942
4,115,764 Ordinary shares of Rs 10 each issued as fully paid bonus shares	41,157	-	-	-	-	41,157
Nominal value of bonus shares issued	-	-	(41,157)	-	-	(41,157)
Net profit for the period	-	-	-	-	193,241	193,241
Transferred from profit and loss account	-	-	-	80,000	(80,000)	-
Transferred to reserve for issue of bonus shares	-	-	22,637	-	(22,637)	-
Dividend - final Rs 2 per share	-	-	-	-	(90,547)	(90,547)
Balance as on December 31, 2000	452,734	203,589	22,637	1,606,036	640	2,285,636

Chief Executive

Director

# **PACKAGES LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE PERIOD JULY 1, 2000 TO DECEMBER 31, 2000**

### **1. Legal status and nature of business**

The company is incorporated in Pakistan and listed on Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in manufacture and sale of paper, paperboard, packaging materials and tissue products.

## **2. Summary of significant accounting policies**

### **2.1 Accounting convention**

The accounts have been prepared under the historical cost convention, modified by capitalisation of exchange differences referred to in note 2.8.

These accounts have been prepared in accordance with the requirements of Companies Ordinance, 1984 and International Accounting Standards, as applicable in Pakistan in all material respects.

### **2.2 Taxation**

#### **Current**

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credit and tax rebates realisable, if any.

#### **Deferred**

The Company accounts for deferred taxation, using the liability method, on all major timing differences.

### **2.3 Fixed capital expenditure and depreciation / amortisation**

Operating fixed assets except land are stated at cost less accumulated depreciation / amortisation. Land and capital work-in-progress are stated at cost. Cost in relation to certain plant and machinery signifies historical cost and exchange differences referred to in note 2.8 and interest etc. in note 2.10.

Depreciation / amortisation on all operating fixed assets is charged to profit on the straight line method so as to write off the historical cost of an asset over its estimated useful life at the following annual rates:

#### **Tangible**

Plant and machinery	6.25 % to 20%
Buildings	2.5% to 10%
Other equipment	10% to 33.33 %
Furniture and fixtures	10% to 20 %
Vehicles	20%

#### **Intangible**

Computer software	33.33%
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Depreciation / amortisation on additions to fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation / amortisation is charged for the month in which the asset is disposed off.

The net exchange difference relating to an asset, at the end of each year, is amortised in equal instalments over its remaining useful life. Major renewals and improvements are capitalised.

### **2.4 Assets subject to finance lease**

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the lease are accounted for as liabilities.

Assets acquired under a finance lease are amortised over the useful life of the asset on a straight line method at the rates given in note 2.3. Amortisation of leased assets is charged to profit.

Amortisation on additions to leased assets is charged from the month in which an asset is acquired while no amortisation is charged for the month in which the asset is disposed off.

## **2.5 Long-term investments**

These are stated at lower of cost and market value determined on a portfolio basis. Provision is made for permanent diminution in the value of any investments.

## **2.6 Stores and spares**

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice values plus other charges paid thereon.



## **2.7 Stock-in-trade**

Stock of raw materials, except for those in transit, work-in-process and finished goods are valued principally at the lower of average cost and net realisable value. Cost of work-in-process and finished goods comprises cost of direct materials and labour and appropriate manufacturing overheads.

Materials in transit are stated at cost comprising invoice values plus other charges paid thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale.

## **2.8 Foreign currencies**

All assets and liabilities in foreign currencies are translated at exchange rates prevailing at the balance sheet date.

Exchange differences on loans utilised for the acquisition of plant and machinery are capitalised upto the date of commissioning of the assets.

All other exchange differences are included in profit currently.

## **2.9 Staff retirement benefits**

The main features of the schemes operated by the Company for its employees are as follows:-

- (a) All the executive staff participate in an approved funded defined benefit pension plan. In addition, there is an approved funded defined benefit gratuity plan for all employees. Monthly contributions are made to these funds on the basis of actuarial recommendation at the rate of 13 percent per annum of basic salaries for pension and 8.33 percent per annum of basic salaries for gratuity. The latest actuarial valuation for the pension and gratuity schemes was carried out as at December 31, 2000. The actual returns on plan assets during the year were Rs. 19.573 million and Rs. 16.703 million for the pension fund and gratuity fund respectively.

The future contribution rates of these plans include allowances for deficit and surplus. Projected unit credit method, using the following significant assumptions, is used for valuation of these schemes:

- Discount rate 14 percent per annum.
- Expected rate of increase in salary level 11.83 percent per annum.
- Expected rate of return 14 percent per annum.

The company's policy with regard to actuarial gains/losses is to follow minimum recommended approach under IAS 19 (revised 1998).

- (b) There is an approved contributory provident fund for all employees.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

## **2.10 Mark up, interest, profit and other charges**

Mark up, interest, profit and other charges on redeemable capital and long-term liabilities are capitalised upto the date of commissioning of the respective plant and machinery, acquired out of the proceeds of such redeemable capital and long-term liabilities. All other mark up, interest, profit and other charges are charged to income.

## **2.11 Revenue recognition**

Revenue is recognised on despatch of goods or on the performance of services except for management fees which are recognised on receipt.

**December 31,      June 30,**  
**2000                  2000**  
**(Rupees in thousand)**

**3.                  Issued, subscribed and paid up capital**

11,260,868	ordinary shares of Rs 10 each fully paid in cash	112,609	112,609
148,780	ordinary shares of Rs 10 each issued as fully paid for consideration other than cash	1,488	1,488
<u>33,863,762</u>	ordinary shares of Rs 10 each issued as fully paid bonus shares	<u>338,637</u>	<u>297,480</u>
<u><u>45,273,410</u></u>		<u><u>452,734</u></u>	<u><u>411,577</u></u>

7,249,579 shares (June 30, 2000: 6,473,254 shares) of the company are held by International General Insurance Company of Pakistan Limited, an associated concern as at December 31, 2000.

**December 31,      June 30,**  
**2000                      2000**  
**(Rupees in thousand)**

**4. Reserves**

Movement in and composition of reserves is as follows:

**Capital**

Share premium	203,589	203,589
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**Reserve for issue of bonus shares**

At the beginning of the year	41,157	-
Transfer from profit and loss account	22,637	41,157
Nominal value of bonus shares issued	(41,157)	-
	22,637	41,157

**Revenue**

General reserve		
At the beginning of the year	1,526,036	1,311,036
Transfer from profit and loss account	80,000	215,000
	1,606,036	1,526,036
	1,832,262	1,770,782

## 5. Redeemable capital - secured

### These are composed of:

Long term running finances under mark up arrangements	350,000	400,000
Less: Current portion shown under current liabilities	<u>100,000</u>	<u>100,000</u>
	<u>250,000</u>	<u>300,000</u>

### Security

This finance is secured by an equitable mortgage of immovable properties and by hypothecation of all plant and machinery and a floating charge on all current assets subject to hypothecation of stores, spares, stock-in-trade and trade debts in favour of the Company's bankers referred to in note 9.1.

All charges in favour of the lenders of this finance rank pari passu with each other and with those in favour of the lenders of the foreign currency loans referred to in note 7.1.

### Terms of repayment

It is long term finance arranged from a consortium of banks for a maximum of Rs 400 million under mark up arrangement. Mark-up is computed at the rate of Re 0.0555 per Rs 1,000 per diem over and above the six months Treasury Bill rate. The finance is repayable in seven equal half yearly instalments. Mark-up is payable half yearly.

	<b>December 31, 2000</b>	<b>June 30, 2000</b>
	<b>(Rupees in thousand)</b>	
<b>6. Liabilities against assets subject to finance lease</b>		
Present value of minimum lease rental payments	140,800	158,400
Less: Current portion shown under current liabilities	<u>35,200</u>	<u>35,200</u>
	<u><u>105,600</u></u>	<u><u>123,200</u></u>

The minimum lease rental payments under the lease agreement are payable in 16 unequal quarterly installments. The present value of minimum lease payments have been discounted at an implicit interest rate of 16.5% to arrive at their present value.

The company receives prompt payment bonus of the amount representing the difference between the implicit rate and last six months treasury bill cut-off yield plus 2% with a mark-up floor of 11.7% per annum.

Repair and insurance costs are to be borne by the Company.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

<b>Years</b>	<b>(Rupees in thousand)</b>
2001	56,544
2002	50,656
2003	44,767
2004	<u>38,890</u>
	190,857
Less: Financial charge not due	<u>50,057</u>
	<u><u>140,800</u></u>

		December 31, 2000	June 30, 2000
		(Rupees in thousand)	
<b>7.</b>	<b>Long term loans and other payables - secured</b>		
Foreign currency loans	- note 7.1	773,092	916,110
Local currency loans	- note 7.2	358,336	471,263
Other payables	- note 7.3	25,542	25,542
		<u>1,156,970</u>	<u>1,412,915</u>
Less:	Current portion shown under current liabilities		
Foreign currency loans		423,840	445,417
Local currency loans	- note 7.4	194,950	225,830
Other payables		2,137	2,137
		<u>620,927</u>	<u>673,384</u>
		<u>536,043</u>	<u>739,531</u>

**7.1 Foreign currency loans - secured**

These are composed of:

Loan	Lender	Currency	Currency balance		Rupee equivalent		Rate of interest per annum	No. of equal half yearly instalments	Interest payable
			December 31, 2000	June 30, 2000	December 31, 2000	June 30, 2000			
			(Amount in thousand)						
1	International Finance Corporation								
	Loan A	US \$	9,075	11,350	530,887	593,605	10.36%	4, ending July 2002	Half yearly
	Loan B	US \$	1,250	2,500	73,125	130,750	2.75% above 6 months LIBOR	1, ending January 2001	do
2	DEG-Deutsche Investitions - Und Entwicklungs-gesellschaft mbH	DM	6,000	7,500	<u>169,080</u>	<u>191,755</u>	10.60%	4, ending October 2002	do
					<u>773,092</u>	<u>916,110</u>			

**Security**

Loans 1 and 2 are secured by an equitable mortgage of immovable properties, hypothecation of all plant and machinery and a floating charge on all current assets subject to the hypothecation of stores, spares, stock-in-trade and trade debts in favour of the Company's bankers referred to in note 9.

All charges in favour of the lenders of these loans rank pari passu with those in favour of the lenders of the long-term running finances.

**7.2 Local currency loans - secured**

These finances have been obtained from a financial institution and are repayable in the years 2001 to 2002. Mark-up on these finances is payable annually at rates ranging from Re 0.3716 to Re 0.3938 per Rs 1,000 per diem or part thereof on the outstanding balances.

**Security**

These loans are secured against long term deposits referred to in note 16.2 and 22.1.

December 31, 2000	June 30, 2000
(Rupees in thousand)	

**7.3 Other payables - secured**

Import duties	<u>25,542</u>	<u>25,542</u>
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These represent 50% of the import duties and sales tax deferred under the Deferment of Import Duties Rules, 1991. The balance is repayable by 2002. Surcharge is payable half yearly at a rate of 14% per annum. The liability is secured by bank guarantees included in note 9.2.

**7.4 Current portion of local currency loans - secured**

As referred to in note 7.2 these finances have been obtained from financial institution and are repayable by 2001. Rates of mark up range from Re 0.3733 to Re 0.3938 per Rs 1,000 per diem or part thereof on the outstanding balances.

**December 31,      June 30,**  
**2000                      2000**  
**(Rupees in thousand)**

**8.                      Deferred liabilities**

These are composed of:

Deferred taxation	- note 8.1	496,386	502,260
Vacation pay		51,383	49,972
		<u>547,769</u>	<u>552,232</u>

**8.1                      Deferred taxation**

The liability for deferred taxation comprises timing differences relating to:

Accelerated tax depreciation	514,190	519,575
Accrued vacation pay	<u>(17,804)</u>	<u>(17,315)</u>
	<u>496,386</u>	<u>502,260</u>



## 9. Finances under mark up arrangements - secured

Running Finance	- note 9.1	486,082	196,340
Term Finance	- note 9.2	300,000	398,000
		<u>786,082</u>	<u>594,340</u>

### 9.1 Running finances - secured

Short-term running finances available from a consortium of commercial banks under mark up arrangements amount to Rs 1,309 million (June 30, 2000: Rs 1,041 million). The rates of mark-up range from Re 0.3288 to Re 0.3973 per Rs 1,000 per diem or part thereof on the balances outstanding. In the event, the Company fails to pay the balances on the expiry of the quarter, year or earlier demand, mark up is to be computed at the rates ranging from Re 0.3946 to Re 0.4768 per Rs 1,000 per diem or part thereof on the balances unpaid. The aggregate short-term finances are secured by hypothecation of stores, spares, stock-in-trade and trade debts.

### 9.2 Term finance - secured

Term finance available from a consortium of commercial banks under mark up arrangement amount to Rs 400 million (June 30, 2000: Rs 798 million). The rate of mark up is Re 0.3125 per Rs 1,000 per diem or part thereof. The aggregate term finances are secured by hypothecation of stores, stock-in-trade and trade debts.

Of the aggregate facility of Rs 766.4 million (June 30, 2000: Rs 801.4 million) for opening letters of credit and Rs 340.73 million (June 30, 2000: Rs 360.73 million) for guarantees, the amount utilised at December 31, 2000 was Rs 252.240 million (June 30, 2000: Rs 97.355 million) and Rs 126.179 million (June 30, 2000: Rs 54.576 million) respectively. Of the facility for guarantees, Rs 357.5 million (June 30, 2000: Rs 357.5 million) is secured by a second hypothecation charge over stores, spares, stock-in-trade and trade debts.

**December 31,      June 30,**  
**2000                      2000**  
**(Rupees in thousand)**

**10.                      Creditors, accrued and other liabilities**

These are composed of:

Trade Creditors	- note 10.1	29,166	38,009
Accrued liabilities		352,152	261,904
Sales tax payable		16,881	20,843
Customers' balances		13,839	14,540
Deposits - interest free repayable on demand		2,125	1,945
Interest accrued on secured borrowings		64,963	43,228
Mark up on secured redeemable capital		23,182	21,716
Mark up on secured short term running finances		13,796	32,646
Workers' profit participation fund	- note 10.2	12,980	29,493
Unclaimed dividends		8,284	2,165
TFCs' payable		1,309	1,489
Workers' welfare fund		2,994	-
Others		12,105	10,813
		<u>553,776</u>	<u>478,791</u>

**10.1**      Trade creditors include amount due to associated companies Rs 13.975 million (June 30, 2000: Rs 17.309 million).

**December 31,      June 30,**  
**2000                      2000**

**10.2                      Workers' profit participation fund**

Opening balance		29,493	26,970
Provision for the period		12,896	29,493
Interest for the period	- note 27	84	-
		<u>42,473</u>	<u>56,463</u>
Less:              Payments made during the period		29,493	26,970
Closing balance		<u>12,980</u>	<u>29,493</u>

## **11. Contingencies and commitments**

### **11.1 Contingencies**

- (i) Guarantees to banks for repayment of loans by employees Rs 0.166 million (June 30, 2000: Rs 0.144 million).
- (ii) Claims against the Company not acknowledged as debts Rs 7.890 million (June 30, 2000: Rs 9.198 million).
- (iii) Against a sales tax refund aggregating Rs 12.827 million determined by the Sales Tax Officer (STO) on the basis of the orders of the Appellate Assistant Commissioner (AAC) for the assessment years 1977-78 through 1980-81 and recognised in the accounts in 1985, the STO filed an appeal in 1986 with the Income Tax Appellate Tribunal against the Orders of the AAC for these years. The orders of the AAC were based on a decision already given by the ITAT on the Company's appeal for application of a lower rate of sales tax on self consumed material for earlier years. Pending the outcome of the appeal filed by STO no adjustment has been made for the refunds recognised in the accounts as the Company is of the view that the appeal of the STO will not be upheld by the ITAT.

### **11.2 Commitments in respect of**

- (i) Contracts for capital expenditure Rs 115.293 million (June 30, 2000: Rs 13.548 million). Forward contracts entered with banks for Rs 127.973 million (June 30, 2000: Rs 148.503 million).
- (ii) Letters of credit other than capital expenditure Rs 115.876 million (June 30, 2000: Rs 141.269 million).

## 12. Operating fixed assets

12.1 The following is a statement of the operating fixed assets

(Rupees in thousand)

Cost to June 30, 2000	Additions/ (deletions)	Cost to December 31 2000	Accumulated Depreciation/ depreciation amortisation charge/ (deletions) for the period		Accumulated depreciation/ amortisation December 31, 2000	Book value as at December 31, 2000	
			June 30, 2000	June 30, 2000			
<b>Tangible</b>							
Freehold land	60,793	154	60,947	-	-	60,947	
Buildings on freehold land	#####	75	102,758	36,584	1,749	38,333	64,425
Buildings on leasehold land	56,743	4,878	61,621	20,282	901	21,183	40,438
Plant and machinery	#####	18,445	#####	#####	161,283	2,484,755	2,202,038
Other equipment	#####	5,664 (8)	108,505	78,256	6,098 (8)	84,346	24,159
Furniture and fixtures	58,608	46	58,654	41,487	1,956	43,443	15,211
Vehicles	97,049	8,394 (5,089)	100,354	57,441	6,528 (3,911)	60,058	40,296
	#####	37,656 (5,097)	#####	#####	178,515 (3,919)	2,732,118	2,447,514
<b>Intangible</b>							
Computer software	-	5,318	5,318	-	295	295	5,023
<b>December 31, 2000</b>	#####	42,974 (5,097)	#####	#####	178,810 (3,919)	2,732,413	2,452,537
<b>June 30, 2000</b>	#####	620,781 (15,047)	#####	#####	363,696 (12,135)	2,557,522	2,589,551

Additions to plant and machinery include net interest, commitment, exchange differences and other charges Rs Nil (June 30, 2000: Rs 30.481 million). Fixed assets include assets amounting to Rs 14.68 million of the Company which are not in operation.

Year to  
December 31, 2000  
June 30, 2000  
(Rupees in thousand)

The depreciation/amortisation charge for the period has been allocated as follows:

Cost of goods sold	- note 24	168,059	339,753
Selling and distribution expenses	- note 25	2,175	5,058
Administration and general expenses	- note 25	8,576	18,885
		<u>178,810</u>	<u>363,696</u>

## 12.2 Disposal of operating fixed assets

(Rupees in thousand)

Particulars of the assets	Sold to	Accumulated		Book value	Sale proceeds	Mode of disposal
		Cost	depreciation			
<b>Motor Cars</b>						
<b>Directors</b>						
	Mr Saulat Said	221	221	-	125	Negotiation
<b>Executives</b>						
	Mr Shahid Kamal	550	348	202	443	Company poli
	Naeem-ur-Rehman	258	163	95	154	Company poli
	Salman Younas	342	342	-	201	Company poli
	Ashiq Ali	110	110	-	36	Company poli
	Imran Aslam	477	318	159	388	Auction
	Iqbal Ahmed Bhatt	338	338	-	174	Company poli
<b>Outsiders</b>						
	Ms Aysha Shahbaz	504	504	-	328	Auction
	Mr Irshad Ahmad Sheikl	476	476	-	243	Auction
	Naveed Iqbal	678	678	-	376	Auction
	International General Insurance Company of Pakistan Limited	1,134	412	722	2,195	Insurance clai
<b>Items below book value of Rs 5,000</b>		8	8	-	-	Scrap
		<u>5,096</u>	<u>3,918</u>	<u>1,178</u>	<u>4,663</u>	

**13. Assets subject to finance lease**

	( Rupees in thousand)						
	Cost to June 30, 2000	Additions/ (transfer)	Cost to December 31, 2000	Accumulated amortisation June 30, 2000	Amortisation charge/ (transfer) for the period	Accumulated amortisation December 31, 2000	Book value as at December 31, 2000
Plant and machinery	176,000	-	176,000	11,000	5,500	16,500	159,500
<b>December 31, 2000</b>	176,000	-	176,000	11,000	5,500	16,500	159,500
<b>June 30, 2000</b>	99,308	176,000 (99,308)	176,000	34,137	11,000 (34,137)	11,000	165,000

Amortisation charge for the period has been allocated to cost of goods sold.

	<b>December 31, 2000</b>	<b>June 30, 2000</b>
<b>14. Capital work-in-progress</b>		
Plant and machinery	124,823	6,144
Civil works and building	12,245	3,183
Others	120,313	70,369
	<u>257,381</u>	<u>79,696</u>

Cost of plant and machinery includes net interest, commitment and other charges Rs Nil ( June 30, 2000: Rs Nil)

**December 31,    June 30,**  
**2000            2000**  
**(Rupees in thousand)**

**15. Long term investments**

**In subsidiaries**

**Unquoted**

<b>Coates Lorilleux Pakistan Limited</b>		
2,814,375 (June 30, 2000: 2,251,500) fully paid ordinary shares of Rs 10 each - Equity held		
54.98% Value of investment based on the net assets shown in the audited accounts as at December 31, 2000 Rs 44.917 million (June 30, 2000: Rs 44.172 million)	15,010	15,010
<b>Packages Hattar (Private) Limited</b>		
400 (June 30, 2000: 400) fully paid ordinary shares of Rs 10 each - Equity held 100%		
Value of investment based on the net assets shown in the audited accounts as at June 30, 2000 Rs Nil (1999: Rs 0.476 million)	-	4
<b>Ricepak Limited</b>		
Nil (June 30, 2000: 800) fully paid ordinary shares of Rs 10 each - Equity held 100%		
Value of investment based on the net assets shown in the audited accounts as at June 30, 2000 Rs Nil (1999: Nil)	-	-
<b>Packages Lanka (Private) Limited</b>		
33,659,168 (June 30, 2000: 33,659,168) shares of SL Rupees 10 each Equity held 62.21% (1999: 34.06%)		
Value of investment based on the net assets shown in audited accounts as at March 31, 2000 Rs 96.602 million (1999: Rs 40.845 million)	252,107	252,107
	267,117	267,121

**In associated companies**

**Quoted**

<b>Nestle Milkpak Limited</b>		
3,649,248 (June 30, 2000: 3,649,248) fully paid ordinary shares of Rs 10 each Market value - Rs 547.38 million (June 30, 2000: Rs 594.83 million)	24,555	24,555
<b>International General Insurance Company of Pakistan Limited</b>		
1,030,412 (June 30, 2000: 1,030,412) fully paid ordinary shares of Rs 10 each Equity held 10.61 % (June 30, 2000: 10.61%) Market value - Rs 64.40 million (June 30, 2000: Rs 59.76 million)	22,519	22,519
	47,074	47,074
<b>C/F</b>	314,191	314,195

**December 31,    June 30,**  
**2000            2000**  
**(Rupees in thousand)**

**B/F**            314,191    314,195

**Tri-Pack Films Limited**

10,000,000 (June 30, 2000: 10,000,000) fully paid ordinary shares of Rs 10 each  
Equity held 33.33 % (June 30, 2000: 33.33%)  
Market value - Rs 349.0 million (June 30, 2000: Rs 297 million)

100,000    100,000

**Unquoted**

**Tetra Pak Pakistan Limited**

11,000,000 (June 30, 2000: 11,000,000) fully paid ordinary shares of Rs 10 each  
Equity held 44% (June 30, 2000: 44%)  
Value of investment based on the net assets shown in the audited accounts as at December 31, 2000 Rs 323.17 million (December 31, 1999: Rs 161.4 million)

15,400    15,400

**Others**

**Quoted**

**First International Investment Bank Limited**

1,999,997 (June 30, 2000: 1,799,998) fully paid ordinary shares of Rs 10 each  
Equity held 9.99% (June 30, 2000: 9.99 %)  
Market value - Rs 15.99 million (June 30, 2000: Rs 14.85 million)

25,000    25,000

**Unquoted**

**Pakistan Tourism Development Corporation Limited**

2,500 (June 30, 2000: 2,500) fully paid ordinary shares of Rs 10 each  
Chief Executive: Mr Masood Ali Khan

25            25

**Orient Match Company Limited**

1,900 (June 30, 2000: 1,900) fully paid ordinary shares of Rs 100 each  
Chief Executive: Khawaja Mohammad Akbar

-              -

**Coca-Cola Beverages Pakistan Limited**

500,000 (June 30, 2000: 500,000) fully paid ordinary shares of Rs 10 each  
Chief Executive : Mr Chris Thrope

5,000            5,000

5,025            5,025  
459,616        459,620

**16. Long term loans, deposits and other receivables**

Loans to employees - considered good	- note 16.1	613	572
Security deposits		3,929	3,992
Long term deposits	- note 16.2	344,852	469,494
		<u>349,394</u>	<u>474,058</u>

**16.1** Loans to employees aggregating Rs Nil (June 30, 2000: Rs 0.0032 million) are secured by joint registration of scooters or motor cycles in the name of the employees and the Company.

The remaining loans are unsecured.

There were no loans to employees outstanding for a period exceeding three years.

**December 31,      June 30,**  
**2000                  2000**  
**(Rupees in thousand)**

**16.2 Long term deposits**

US \$ 4.525 million (June 30, 2000: US \$ 6.80 million)	262,352	355,635
DM 3.00 million (June 30, 2000: DM 4.50 million)	82,500	113,859
	<u>344,852</u>	<u>469,494</u>

These deposits are under lien for the loans referred to in note 7.2. These deposits placed with a financial institution and are to mature in the year 2002.



**December 31,      June 30,**  
**2000                  2000**  
**(Rupees in thousand)**

**17.                  Retirement and other benefits**

Pension fund	- note 17.1	(4,928)	1,369
Gratuity	- note 17.2	21,150	18,420
		16,222	19,789
		16,222	19,789

**17.1                Pension fund**

The amounts recognised in the balance sheet are as follows:

Fair value of plan assets		185,430	166,373
Present value of defined benefit obligation		(241,552)	(208,185)
Non vested (past service) cost to be recognised in later periods		27,193	30,214
Unrecognised actuarial gains/(losses)		24,001	12,967
		(4,928)	1,369
(Liability)/asset as at December 31, 2000		(4,928)	1,369
Net transitional asset as at July 1, 2000		1,369	-
Charge to profit and loss account		(9,851)	(2,108)
Contribution by the company		3,554	3,477
		(4,928)	1,369
(Liability)/asset as at December 31, 2000		(4,928)	1,369

**December 31,      June 30,**  
**2000                  2000**  
**(Rupees in thousand)**

**17.2                Gratuity fund**

The amounts recognised in the balance sheet are as follows:

Fair value of plan assets		150,330	132,046
Present value of defined benefit obligation		(112,016)	(113,475)
Unrecognised actuarial gains/(losses)		(17,164)	(151)
		21,150	18,420
Asset as at December 31, 2000		21,150	18,420
Net transitional asset as at July 1, 2000		18,420	-
Credit/(charge) to profit and loss account		(1,465)	14,299
Contribution by the company		4,195	4,121
		21,150	18,420
Asset as at December 31, 2000		21,150	18,420

**18. Stores and spares**

Stores (including in transit Rs 0.054 million; June 30, 2000: Rs 0.148 million)	41,685	34,050
Spares (including in transit Rs 4.274 million; June 30, 2000: Rs 9.293 million)	236,096	231,395
	<u>277,781</u>	<u>265,445</u>

Stores and spares include items which may result in fixed capital expenditure but are not distinguishable .

**19. Stock-in-trade**

Raw materials (including in transit Rs 13.125 million; June 30, 2000: 95.124 million)	368,673	381,190
Work-in-process	72,272	69,217
Finished goods	188,774	96,563
	<u>629,719</u>	<u>546,970</u>

## 20. Trade debts

Considered good			
- Associated undertakings	- note 20.1	55,321	52,748
- Others		408,486	409,142
		<u>463,807</u>	<u>461,890</u>

**December 31,      June 30,**  
**2000                  2000**  
**(Rupees in thousand)**

### 20.1 Due from associated undertakings

Treet Corporation Limited	842	254
Nestle Milkpak Limited	20,183	28,967
Tetrapak Pakistan Limited	27,982	14,613
Zulfiqar Industries Limited	4,718	5,159
Dane Foods Limited	-	2,186
Tripack Films Limited	1,553	1,569
Packages Lanka (Private) Limited	43	-
	<u>55,321</u>	<u>52,748</u>

Trade debts include secured debts of Rs 5.070 million (June 30, 2000: Rs 9.865 million). The maximum aggregate amount outstanding due from associated undertakings at the end of any month during the period was Rs 66.37 million (June 30, 2000: Rs 102.622 million).

**December 31,    June 30,**  
**2000            2000**  
**(Rupees in thousand)**

**21.        Loans, advances, deposits, prepayments and other receivables**

Loans to employees - considered good	127	244
Advances - considered good		
To employees	6,001	5,538
To suppliers	12,014	15,430
To associated companies	9,139	6,831
- note 21.1	27,154	27,799
Advances - considered doubtful	3,128	3,131
Trade deposits	3,554	1,540
Prepayments	24,103	3,120
Balances with statutory authorities		
Excise duty	1,917	2,276
Customs duty	3,010	3,951
	4,927	6,227
Profit receivable on foreign currency deposits	33,160	7,166
Claims recoverable from Government		
Sales tax	455	1,915
Income tax recoverable	36,013	36,013
Income tax refundable	200,879	201,017
Wealth tax refundable	158	158
Workers' welfare fund	1,457	1,457
Excise duty	35	-
Octroi - considered doubtful	2,231	2,691
	241,228	243,251
Other receivables	922	426
	338,303	292,904
Less:        Provision against doubtful advances	5,359	5,822
	<u>332,944</u>	<u>287,082</u>

**December 31,    June 30,**  
**2000            2000**  
**(Rupees in thousand)**

**21.1        Due from associated undertakings**

Tetrapak Pakistan Limited	7,154	3,915
Dane Foods Limited	-	1,536
Tripack Films Limited	374	309
Coates Lorilleux Pakistan Limited	1,129	1,021
International General Insurance Company Limited	264	50
Packages Lanka (Private) Limited	218	-
	<u>9,139</u>	<u>6,831</u>

The maximum aggregate amount of advances to associated companies at the end of any month during the period was Rs 14.393 million (June 30, 2000: Rs 15.092 million).

Included in advances to employees are amounts due from executives Rs 2.919 million (June 30, 2000: Rs 0.165 million). The maximum aggregate amount due from executives at the end of any month during the period was Rs 4.946 million (June 30, 2000: Rs 0.947 million).

**21.2**        In 1987, the Income Tax Officer (ITO) reopened the Company's assessments for the accounting years ended December 31, 1983 and 1984 disallowing primarily tax credit given to the Company under section 107 of the Income Tax Ordinance, 1979. The tax credit amounting to Rs 36.013 million on its capital expenditure for these years was refused on the grounds that such expenditure represented an extension of the Company's undertaking which did not qualify for tax credit under this section in view of the Company's location. The assessments for these years were revised by the ITO on these grounds and taxes reassessed were adjusted against certain sales tax refunds and the tax credits previously determined by the

The Company had filed an appeal against the revised orders of the ITO before the Commissioner of Income Tax (Appeals) Karachi. The Commissioner has in his order issued in 1988 held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The Income Tax Officer has filed an appeal against the Commissioner's order with the Income Tax Appellate Tribunal (ITAT). The ITAT has in its order issued in 1996 maintained the order of CIT (Appeals). The assessing officer after the receipt of the appellate order passed by CIT (Appeals), has issued notices under section 65 of the Income Tax Ordinance, 1979 and the Company has filed a writ petition against the aforesaid notices with the High

The amount recoverable Rs 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments.

		<b>December 31, 2000</b>	<b>June 30, 2000</b>
		<b>(Rupees in thousand)</b>	
<b>22. Cash and bank balances</b>			
At banks			
On deposit accounts	- note 22.1	418,774	445,251
US \$ 5.80 million (June 30, 2000: US \$ 7.062 million)			
DM 3.0 million (June 30, 2000: DM 3.0 million)			
On savings accounts [including US \$ 0.002 million (June 30, 2000: US \$ 0.021 million)]		20,478	107,823
On current accounts		<u>65,126</u>	<u>43,307</u>
		504,378	596,381
In hand		<u>8,301</u>	<u>7,000</u>
		<u><u>512,679</u></u>	<u><u>603,381</u></u>

**22.1** Included in balances at banks on deposit account are US \$ 5.8 million (June 30, 2000: US \$ 7.050 million) and DM 3 million (June 30, 2000: DM 3 million ) which are under lien for loans referred to in note 7.4. The foreign currencies shall be available for encashment at the SBP rates applicable at the time of withdrawal.

<b>23. Sales</b>	<b>December 31, 2000</b>	<b>Year to June 30, 2000</b>
	<b>(Rupees in thousand)</b>	
Local sales	2,229,999	4,155,759
Export sales	6,408	9,844
	<u>2,236,407</u>	<u>4,165,603</u>

Local sales are exclusive of Rs 1.627 million (June 30, 2000: Rs 2.818 million) towards commission.

Export sales are exclusive of Rs Nil (June 30, 2000: Rs Nil) towards commission.

Sales are inclusive of sales tax and excise duty Rs 307.613 million (June 30, 2000: Rs 597.612 million).

**24. Cost of goods sold**

Opening work in process		69,217	63,909
Materials consumed		858,044	1,353,832
Salaries, wages and amenities	- note 24.1	158,870	280,770
Fuel and power		230,266	320,147
Production supplies		64,104	114,378
Excise duty and sales tax		349,116	666,366
Rent, rates and taxes		973	2,038
Insurance		18,119	35,604
Repairs and maintenance		86,122	171,479
Packing expenses		5,806	11,849
Depreciation / amortisation on fixed assets		168,059	339,753
Amortisation		5,500	11,000
Technical fee and royalty		3,301	3,816
Lease charges		8,909	-
Other expenses		20,208	39,034
		<u>2,046,614</u>	<u>3,413,975</u>
Less: Closing work in process		<u>72,272</u>	<u>69,217</u>
Cost of goods produced		<u>1,974,342</u>	<u>3,344,758</u>
Opening stock of finished goods		<u>96,563</u>	<u>127,023</u>
		<u>2,070,905</u>	<u>3,471,781</u>
Less: Closing stock of finished goods		<u>188,774</u>	<u>96,563</u>
		<u><u>1,882,131</u></u>	<u><u>3,375,218</u></u>

Cost of goods produced includes Rs 195.184 million (June 30, 2000: Rs 372.992 million) for stores and spares consumed. Rs Nil (June 30, 2000: Rs 0.173 million) and Rs 0.388 million (June 30, 2000: Rs 1.685 million) for raw material and stores and spares written off respectively.

**Year to**  
**December 31,**      **June 30,**  
**2000**                      **2000**  
**(Rupees in thousand)**

**24.1 Salaries, wages and amenities**

Salaries, wages and amenities includes following in respect of retirement benefits:

**Pension**

Current service cost	2,776	3,692
Interest cost for the year	10,696	14,980
Expected return on plan assets	(8,636)	(15,376)
Contribution made by the employees	(648)	(907)
Transitional cost	-	(850)
Recognition of past service cost	2,204	-
Recognition of loss	795	-
	<u>7,187</u>	<u>1,539</u>

**Year to**  
**December 31,**      **June 30,**  
**2000**                      **2000**  
**(Rupees in thousand)**

**Gratuity**

Current service cost	2,150	3,769
Interest cost for the year	5,832	10,561
Expected return on plan assets	(6,905)	(12,691)
Transitional cost	-	(12,078)
Recognition of gain	(9)	-
	<u>1,068</u>	<u>(10,439)</u>



25. Selling, administration and general expenses

Selling and distribution expenses

Salaries, wages and amenities	- note 25.1	14,895	24,821
Travelling		3,215	6,316
Rent, rates and taxes		986	1,795
Freight and distribution		19,754	34,398
Insurance		505	933
Advertising		22,715	38,579
Depreciation		2,175	5,058
Other expenses		2,380	3,899
		66,625	115,799

Administration and general expenses

Salaries, wages and amenities	- note 25.2	44,244	78,965
Travelling		8,419	19,098
Rent, rates and taxes		2,274	4,153
Insurance		1,348	2,510
Printing, stationery and periodicals		5,187	8,200
Postage, telephone and telex		7,744	16,314
Motor vehicles running		4,189	6,896
Computer charges		1,573	1,903
Professional services	- note 30	2,288	6,661
Repairs and maintenance		3,083	7,788
Depreciation		8,576	18,885
Other expenses		13,138	21,066
		102,063	192,439
		168,688	308,238

Selling, administration and general expenses include Rs 29,980 million (June 30, 2000: Rs 19,644 million) for stores and spares consumed.

Year to  
December 31,      June 30,  
2000              2000  
(Rupees in thousand)

25.1 Salaries, wages and amenities

Salaries, wages and amenities include following in respect of retirement benefits:

Pension		
Current service cost	256	329
Interest cost for the year	987	1,334
Expected return on plan assets	(797)	(1,369)
Contribution made by the employees	(60)	(81)
Transitional cost	-	(76)
Recognition of past service cost	203	-
Recognition of loss	73	-
	662	137

Gratuity		
Current service cost	199	336
Interest cost for the year	539	941
Expected return on plan assets	(636)	(1,130)
Transitional cost	-	(1,075)
Recognition of gain	(1)	-
	101	(928)

25.2 Salaries, wages and amenities

Salaries, wages and amenities include following in respect of retirement benefits:

Pension		
Current service cost	773	1,037
Interest cost for the year	2,979	4,207
Expected return on plan assets	(2,405)	(4,318)
Contribution made by the employees	(180)	(255)
Transitional cost	-	(239)
Recognition of past service cost	614	-
Recognition of loss	221	-
	2,002	432

Gratuity		
Current service cost	598	1,059
Interest cost for the year	1,624	2,965
Expected return on plan assets	(1,923)	(3,564)
Transitional cost	-	(3,392)
Recognition of gain	(3)	-
	296	(2,932)

December 31, 2000 (Rupees in thousand)	Year to June 30, 2000
--	-----------------------------

**26. Other income**

Management and technical fee from associated companies	1,163	2,174
Rental income	52	66
Dividend income from		
- Associated companies	- note 26.1	219,208
- Others	1,800	-
Insurance commission from an associated company	951	2,421
Lease income from associated companies	7,245	15,321
Profit on sale and deletion of fixed assets	3,485	6,534
Scrap sales	2,311	1,755
Provision and unclaimed balances written back	3,543	34,817
Agricultural income	1,110	1,243
Exchange gain	-	11,472
Income on foreign currency deposits	29,912	79,956
Income on rupee deposits	566	4,894
Profit on outside jobs including Rs 0.453 million (June 30, 2000: 0.586 million)		
from associated companies	706	791
Art work charges	-	10,921
Others	2,256	10,056
	<u>196,404</u>	<u>401,629</u>

**26.1 Dividend income from associated companies**

Tetrapak Pakistan Limited	110,000	160,600
International General Insurance Company of Pakistan Limited	-	3,584
Nestle Milkpak Limited	7,298	23,720
Coates Lorilleux Pakistan Limited	9,006	6,304
Tripack Films Limited	15,000	25,000
	<u>141,304</u>	<u>219,208</u>

**27. Financial charges**

Interest and mark up including commitment charges on

Long-term foreign currency loans	41,571	108,956
Redeemable capital and local loans	50,247	110,354
Short-term running finances	11,386	64,213
Finance lease	9,706	11,041
Deferred import duties	1,806	2,461
Workers' profit participation fund	84	-
Loan handling charges	-	260
Exchange risk coverage fee	-	809
Exchange loss	7,781	-
Bank charges	970	2,777
	<u>123,551</u>	<u>300,871</u>

**December 31,**      **Year to**  
**2000**              **June 30,**  
**(Rupees in thousand)**

**28.            Other charges**

Workers' welfare fund		2,994	-
Workers' profit participation fund		12,896	29,493
Donations	- note 31	<u>624</u>	<u>2,188</u>
		<u><u>16,514</u></u>	<u><u>31,681</u></u>

**29. Provision for taxation**

For the year		
- Current	46,800	18,251
- Deferred	(9,876)	83,089
	<u>36,924</u>	<u>101,340</u>
Prior years		
- Current	7,760	(990)
- Deferred	4,002	22,171
	<u>11,762</u>	<u>21,181</u>
	<u>48,686</u>	<u>122,521</u>

**29.1 Tax charge reconciliation**

Numerical reconciliation between the average effective tax rate and the applicable tax rate.

Applicable tax rate as per Income Tax Ordinance, 1979	34.65	34.65
Tax effect of amounts that are:		
Not deductible for tax purposes	2.32	3.20
Exempt for tax purposes	(4.28)	(19.64)
Chargeable to tax at different rates	(17.39)	-
Effect of change in prior years' tax	4.86	-
Effect of change in rates for prior period	-	4.02
Tax effect under presumptive tax regime and others	(0.04)	-
	<u>(14.53)</u>	<u>(12.42)</u>
Average effective tax rate charged to profit and loss account	<u>20.12</u>	<u>22.23</u>

**30. Professional services**

The charges for professional services include the following in respect of auditors' services for:

Statutory audit	249	249
Accounting services	101	101
Tax services	-	2,190
Share transfer, workers profit participation fund audit, management staff pension fund audit, special reports and certificates for lending agencies and sundry advisory services	40	290
Out of pocket expenses	26	78
	<u>416</u>	<u>2,908</u>

	<b>December 31,</b>	<b>Year to</b>
	<b>2000</b>	<b>June 30,</b>
		<b>2000</b>
	<b>(Rupees in thousand)</b>	

**31. Donations**

**Names of donees in which a director or his spouse has an interest**

**Pakistan Olympic Association, Lahore**

(Syed Wajid Ali, Chief Executive is the President of the Association)

- 475

**Liaquat National Hospital, Karachi**

(Syed Wajid Ali, Chief Executive is the Chairman of the Hospital)

- 750

**Pakistan Red Crescent Society**

(Syed Wajid Ali, Chief Executive is the Vice President Emeritus of the Society)

- 50

**Gulab Devi Chest Hospital**

(Syed Wajid Ali, Chief Executive is the President of the Hospital)

75 550

### 32. Remuneration of Chief Executive, Directors and Executives

32.1 The aggregate amount charged in the accounts for the period for remuneration, including certain benefits, to the Chief Executive, full time working directors including alternate directors and executives of the Company is as follows:

(Rupees in thousand)

	Chief Executive		Directors and alternate directors		Executives	
	Six month to December 31, 2000	Year to June 30, 2000	Six month to December 31, 2000	Year to June 30, 2000	Six month to December 31, 2000	Year to June 30, 2000
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>137</b>	<b>101</b>
Managerial remuneration	752	1,202	2,805	3,474	21,883	37,659
Contribution to provident, gratuity, pension and welfare funds	-	-	709	904	4,349	8,064
Housing	102	589	897	1,719	8,179	15,622
Utilities	291	534	226	331	2,334	4,245
Leave passage	367	-	176	258	283	1,196
Medical expenses	76	266	96	118	390	998
Club expenses	6	5	15	16	7	18
Others	-	-	-	43	2,389	1,702
	<u>1,594</u>	<u>2,596</u>	<u>4,924</u>	<u>6,863</u>	<u>39,814</u>	<u>69,504</u>

The Company also provides some of them with free transport and residential telephones.

### 32.2 Remuneration to other directors

Aggregate amount charged in the accounts for the period for fee to 1 director (June 30, 2000: 4 directors) was Rs 500 (June 30, 2000: Rs 4,000).



**33. Transactions with associated undertakings**

	<b>December 31, 2000</b>	<b>Year to June 30, 2000</b>
	<b>(Rupees in thousand)</b>	
Purchase of goods and services	185,932	307,812
Sale of goods and services	339,364	748,575
Lease income	7,245	15,321
	<u>532,541</u>	<u>1,071,708</u>

Sales and purchase transactions with associated undertakings are carried out on commercial terms and conditions. Services and lease are charged between associated undertakings on the basis of mutually agreed terms.

**34. Capacity and production - tonnes**

	<u>Capacity</u>		<u>Actual production</u>	
	<b>Six months to December 31, 2000</b>	<b>Year to June 30, 2000</b>	<b>Six months to December 31, 2000</b>	<b>Year to June 30, 2000</b>
Paper and board produced	34,950	65,000	34,706	62,630
Paper and board converted	35,000	65,000	30,294	58,166

The variance of actual production from capacity is on account of the product mix.

**35. Rates of exchange**

Liabilities in foreign currencies have been translated into Rupees at US \$ 1.7094 (June 30, 2000: US \$ 1.9120), EURO 1.8399 (June 30, 2000: 1.999) SFR 2.7941 (June 30, 2000: SFR 3.1134), SEK 16.2338 (June 30, 2000: SEK 16.8194), DM 3.5486 (June 30, 2000: DM 3.9112), GBP 1.1553 (June 30, 2000: GBP 1.2542), ITL 3513.7034 (June 30, 2000: ITL 3875.9690) and ¥ 194.1748 (June 30, 2000 ¥ 200.9242) equal to Rs 100.

Rate of exchange prescribed by the State Bank of Pakistan for deposits on December 31, 2000 is US \$ 1 = Rs 57.9783 (June 30, 2000: US \$ 1 = Rs 52.2992) and DM 1 = Rs 27.5000 (June 30, 2000: DM 1 = Rs 25.2050).

**December 31,      June 30,**  
**2000                      2000**  
**(Rupees in thousand)**

**36.                      Cash flow from operating activities**

Profit before taxation	241,927	551,224
Add/(less) adjustment for non cash charges and other items		
Depreciation / amortisation on fixed assets	178,810	363,696
Amortisation of leased assets	5,500	11,000
Long term investments written off	4	-
Vacation pay	2,383	6,408
Retirement and other benefits	3,567	(19,789)
Profit on sale of fixed assets	(3,485)	(6,534)
Dividend income	(143,104)	(219,208)
	<u>285,602</u>	<u>686,797</u>
Financial charges	123,551	300,871
Profit before working capital changes	<u>409,153</u>	<u>987,668</u>
Effect on cash flow due to working capital changes		
(Increase) in trade debts	(1,917)	(11,003)
(Increase) in stores and spares	(12,336)	(11,785)
(Increase) in stock in trade	(82,749)	(38,559)
(Increase)/decrease in loans, advances, deposits, prepayments and other receivables	(46,000)	61,077
Increase/(decrease) in creditors, accrued and other liabilities	64,695	(199,808)
	<u>(78,307)</u>	<u>(200,078)</u>
	<u><u>330,846</u></u>	<u><u>787,590</u></u>

**37. Cash and cash equivalents**

Cash and bank balances	512,679	603,381
Finances under mark-up arrangement	<u>(786,082)</u>	<u>(594,340)</u>
	<u><u>(273,403)</u></u>	<u><u>9,041</u></u>

		<b>December 31, 2000</b>	<b>Year to June 30, 2000</b>
<b>38. Earnings per share</b>			
Net profit for the period	<b>Rupees in thousand</b>	193,241	428,703
Average ordinary shares in issue	<b>Numbers</b>	45,273,410	45,273,410
Earnings per share	<b>Rupees</b>	4.27	9.47

### 39. Financial assets and liabilities

Rupees in thousand

	Interest/mark up bearing			Non interest bearing			December 31, 2000 Total	June 30, 2000 Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total		
<b>Financial assets</b>								
Long term investments	-	-	-	-	30,025	30,025	30,025	30,025
Loans to employees	-	-	-	-	613	613	613	572
Long term security deposits	-	-	-	-	3,929	3,929	3,929	3,992
Long term deposits	-	344,852	344,852	-	-	-	344,852	469,494
Trade debts	-	-	-	463,807	-	463,807	463,807	461,890
Advances, deposits prepayments:								
- Loans to employees	-	-	-	127	-	127	127	244
- Trade deposits	-	-	-	3,554	-	3,554	3,554	1,540
- Profit receivable on FCY deposits	-	-	-	33,160	-	33,160	33,160	7,166
Finished goods - packaging division	-	-	-	24,750	-	24,750	24,750	8,771
Cash and bank balances	439,252	-	439,252	73,427	-	73,427	512,679	603,381
	<u>439,252</u>	<u>344,852</u>	<u>784,104</u>	<u>598,825</u>	<u>34,567</u>	<u>633,392</u>	<u>1,417,496</u>	<u>1,587,075</u>
<b>Financial liabilities</b>								
Redeemable capital	100,000	250,000	350,000	-	-	-	350,000	400,000
Liabilities against assets subject to								
finance lease	35,200	105,600	140,800	-	-	-	140,800	158,400
Long term loans	620,927	536,043	1,156,970	-	-	-	1,156,970	1,412,915
Finances under mark up arrangement:	786,082	-	786,082	-	-	-	786,082	594,340
Creditors, accrued and other liability	-	-	-	487,058	-	487,058	487,058	404,827
Commitments	-	-	-	115,293	-	115,293	115,293	13,550
Forward contracts	-	-	-	-	-	-	-	140,897
Guarantees	-	-	-	166	-	166	166	154
Letters of credit	-	-	-	115,876	-	115,876	115,876	141,269
	<u>1,542,209</u>	<u>891,643</u>	<u>2,433,852</u>	<u>718,393</u>	<u>-</u>	<u>718,393</u>	<u>3,152,245</u>	<u>3,266,352</u>

#### 39.1 Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs 1,417.496 million, the financial assets which are subject to credit risk amounted to Rs 920.031 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 limits to its customers and also obtains collaterals.

#### 39.2 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings, especially group companies. Payables exposed to foreign currency risks are covered partially through forward foreign exchange contracts.

#### 39.3 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values except for long term investments, which are stated at cost.

	<b>December 31, 2000</b>	<b>June 30, 2000</b>
<b>40. Number of employees</b>		
Number of employees as at period end	<u>2,782</u>	<u>2,743</u>

**41. Corresponding figures**

Previous figures have been restated, wherever necessary, for the purposes of comparison.

**42. Change of income year**

The company has been accorded approval by the Commissioner of Income Tax to adopt the calendar year as its income year with effect from July 1, 2000. As such these accounts have been prepared for six months and the corresponding figures for profit and loss account, cash flow statement, statement of changes in equity and the related notes are not comparable.

**43.** Statement pursuant to section 237 of the Companies Ordinance, 1984 and the last audited accounts of the subsidiary companies are annexed, except for Packages Lanka (Private) Limited whose accounts have been reviewed in accordance with International Standard on Auditing applicable to review engagements covering period July 1, 2000 to December 31, 2000.

**Chief Executive**

**Director**