

PAKISTAN PAPERSACK CORPORATION LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2005**

	Note	2005 Rupees in thousands	2004
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		76,910	80,316
Adjustment for non-cash charges and other items:			
Depreciation		12,143	11,821
Dividend income		(31,214)	(30,824)
Gain on sale of goodwill and trademark of trading business		(2,500)	-
Mark-up on short-term running finance		2,878	905
Mark-up on short-term loans		329	481
Gain on sale of investment		(315)	(5,155)
Profit on bank accounts		(688)	(1,305)
Gain on disposal of property, plant and equipment		(2,074)	(892)
		<u>(21,441)</u>	<u>(24,969)</u>
Operating profit before working capital changes		55,469	55,347
(Increase) / decrease in current assets			
Stores and spares		1,559	(1,263)
Stock-in-trade		(69,200)	44,023
Trade debts		(54,784)	(16,187)
Loans and advances		(2,217)	(5,593)
Deposits and short term prepayments		(995)	(455)
Other receivables		14,040	(10,358)
		<u>(111,597)</u>	<u>10,167</u>
Increase / (decrease) in current liabilities			
Trade and other payables		25,707	(10,264)
		<u>(85,890)</u>	<u>(97)</u>
Cash (used in) / generated from operations		(30,421)	55,250
Interest paid		(2,607)	(1,239)
Income tax refund received		6,677	-
Income tax paid		(18,312)	(41,128)
Long-term loans		(83)	-
Long-term deposits		159	(211)
		<u>(14,166)</u>	<u>(42,578)</u>
Net cash (used in) / generated from operating activities (A)		(44,587)	12,672
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(13,443)	(18,876)
Dividends received		31,214	30,824
Proceeds from sale of goodwill and trademark of trading business		2,500	-
Sale proceeds from disposal of property, plant and equipment		3,405	1,750
Sales proceeds from sale of investment		515	9,817
Interest income received		846	1,218
Purchase of investments		-	(4,862)
Net cash generated from investing activities (B)		25,037	19,871
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(30,801)	(34,187)
Net cash used in financing activities (C)		(30,801)	(34,187)
Net decrease in cash and cash equivalents (A+B+C)		(50,351)	(1,644)
Cash and cash equivalents at beginning of the year		61,276	62,920
Cash and cash equivalents at end of the year		<u>10,925</u>	<u>61,276</u>
Cash and cash equivalents comprise:			
Cash and bank balances	12	26,540	106,273
Short-term running finance	16	(15,615)	(19,997)
Short term loan	16	-	(25,000)
		<u>10,925</u>	<u>61,276</u>
		-	-

The annexed notes from 1 to 39 form integral part of these financial statements.

**S.Z. KAZMI
CHIEF EXECUTIVE**

**KERSI D. KAPADIA
DIRECTOR**