

Pakistan Papersack Corporation Limited

Annual Report 2001

Contents

COMPANY INFORMATION
MILESTONES
NOTICE OF ANNUAL GENERAL MEETING
DIRECTORS' REPORT TO THE SHAREHOLDERS
PATTERN OF SHAREHOLDINGS
AUDITORS' REPORT TO THE MEMBERS
BALANCE SHEET
PROFIT & LOSS ACCOUNT
STATEMENT OF CHANGES IN FINANCIAL POSITION
STATEMENT OF CHANGES IN
NOTES TO THE ACCOUNTS
STATEMENT U/S 237 (1) (e) OF THE COMPANIES ORDINANCE, 1984
ACCOUNTS OF NOBLE COMPUTER SERVICES (PVT.) LTD.
CONSOLIDATED ACCOUNTS

Company Information

BOARD OF DIRECTORS

Rafiq M. Habib	Chairman
S. Z. Kazmi	Chief Executive & Managing Director
Ali S. Habib	
Kersi D. Kapadia	
Mohamedali R. Habib	
Shamsuddin Khan	NIT Nominee
Imran Hussain	NIT Nominee

COMPANY SECRETARY

S.M.A. Naqvi

AUDITORS

Hyder Bhimji & Co.
Chartered Accountants

LEGAL ADVISER

S. Mahboob Rizvi
Advocate

BANKERS

Habib Bank AG Zurich

Habib Bank Limited
Hongkong & Shanghai Banking Corporation
Metropolitan Bank Limited
National Bank of Pakistan
Stepped-end Division
Hub Chowki, Balochistan

FACTORIES

Balochistan Laminates Division
Hub Chowki, Balochistan

REGISTERED OFFICE

5th Floor, Siddiqsons Towers,
3-Jinnah Cooperative Housing Society,
Sharea Faisal, Karachi, Pakistan.
Tel: 4312030-34

Fax: 92 - 21 - 4312198
E-Mail: ppcl@cyber.net.pk

**REGIONAL SALES
OFFICE**

1st Floor, E-83/A, Super Town,
Walton Road,
Lahore Cantt.
Tel: 6664571

MILESTONES

**The
Company
through the
years**

**Development
and Growth**

- | | |
|------|---|
| 1973 | Company incorporated. |
| 1976 | Converted into Public Limited Company. |
| 1981 | Established Balochistan Laminates Division at Hub Chowki. |
| 1982 | Top Company Award received from The Karachi Stock Exchange (Guarantee) Limited for the years 1978, 1979, 1980 and 1981. |
| 1982 | Gold Mercury International Award received. |
| 1983 | Corporate Excellence Award received for the years 1978 - 1982 from Management Association of Pakistan. |
| 1984 | Top Companies Award received from The Karachi Stock Exchange (Guarantee) Limited for the year 1983. |
| 1986 | Established Stepped-End Division at Hub Chowki. |
| 1998 | Top Companies Award received from The Karachi Stock Exchange (Guarantee) Limited for the year 1997. |
| 2000 | Achieved ISO 9000 Certification. |
| 2001 | Received Export Performance Award (Merit Category) by Stepped-end Division and Balochistan Laminates Division of the Company, given by Federation of Pakistan Chamber of Commerce and Industry. |

Notice of Meeting

Notice is hereby given that the 27th Annual General Meeting of the Company will be held at Raffia Choudri Memorial Hall, Sidco Avenue Centre, 264 R.A. Lines, Karachi, on Saturday, December 1, 2001 at 12.00 Noon to transact the following business -

ORDINARY BUSINESS:

- 1) To receive and adopt the Audited Accounts for the year ended June 30, 2001 together with the Reports of the Directors and Auditors thereon.
- 2) To approve Cash Dividend @ 15% i.e. Rs. 0.75 per share for the financial year ended June 30, 2001 as recommended by the Board of Directors.

3) To appoint Auditors for the year 2001-2002 and fix their remuneration.

By order of the Board

(S. M. A. Naqvi)
Company Secretary

Karachi: November 8, 2001

NOTES:

i) The Shares Transfer Books of the Company will remain closed from Thursday, November 15, 2001 to Saturday, December 1, 2001 (both days inclusive). Shares may be lodged for transfer with our Registrar M/s. Noble Computer Services (Pvt.) Ltd., 14-Banglore Town Housing Society, Sharea Faisal, Karachi. Shareholders are advised to notify the Registrar of any change in their addresses.

ii) A member entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote for him/her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. A proxy must be a member of the Company.

iii) CDC shareholders desiring to attend the meeting are requested to bring their original National Identity Card, Account and participant's I.D. numbers, for identification purpose and in case of proxy, to enclose an attested copy of his/her National Identity Card.

**DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED JUNE 30, 2001**

The Directors of your Company are pleased to welcome you to the twenty-seventh Annual General Meeting of your Company and place before you the Company's Annual Report and the audited accounts for the fiscal year ended June 30, 2001.

FINANCIAL RESULTS:

The financial results of the Company for the year under review are summarized as under:

	<i>2001</i> <i>Rs. '000</i>	<i>2000</i> <i>Rs, '000</i>
Operating Profit	32,992	61,405
Trading Profit/(Loss)	4	(1,891)
Other Income	14,609	22,936
	-----	-----
	47,605	82,450
	-----	-----
Financial Expenses	20,619	23,214
Other Charges	1,688	3,875
	-----	-----
	22,307	27,089
	-----	-----
Profit before Taxation	25,298	55,361
Provision for Taxation	5,249	16,002
	-----	-----
	20,049	39,359
Un-appropriated Profit B/F	178	1,067
	-----	-----
	20,227	40,426

Appropriations:

Proposed Cash Dividend @ 15% i.e. Rs. 0.75 per share		
(2000 - 25% i.e. Rs. 1.25 per share)	10,349	17,248
Transferred to General Reserve	9,500	23,000
Un-appropriated Profit C/F	378	178
	-----	-----
	20,227	40,426
	=====	=====

PAPERSACK OPERATIONS:

The construction activities in the country have remained depressed during the year; with no major announcement of new infrastructure development projects in public and/or private sector, causing the demand for cement and, through it, papersacks to remain low.

The import of sack kraft paper, which is our basic raw material, continues to be unjustly subjected to customs duty @ 30 percent, whereas customs duty on all other intermediate raw materials is being levied @ 20 percent. In addition, your company is bearing additional import cost of raw materials, as all duties are being levied on assessed import values which are higher than the actual cost of raw material.

During the year, the Rupee continued its downward trend against the US Dollar with spot exchange rates ranging from Rs. 52.30 (as on 01-07-2000) to Rs. 63.75 (as on 30-06-2001), thereby depreciating by 22 percent.

Needless to say, your management is sparing no efforts in pursuing these issues with the concerned government authorities to seek redress.

During the year under review, rising cost of raw material and other inputs, coupled with the declining trend of selling prices posed a substantial threat to your company. However, the company is striving hard to improve its performance. During the year, sales of papersacks amounted to Rs. 386 million - a decline of 1.3 percent over preceding year's sales of Rs. 391 million, whereas, production and sales volume of papersacks increased by 3 percent and 1.55 percent, respectively.

Exports: Your company's efforts to encourage exports of papersacks have borne positive results, with export increasing to Rs. 42.07 million - an increase of 225 percent over preceding year's export of Rs. 12.96 million. The management is confident of producing better results in future.

LAMINATES OPERATIONS:

The sales during the year amounted to Rs. 346 million, an increase of 12.4 percent over preceding years sales of Rs. 307 million, while operating profit decreased from Rs. 15.4 million to Rs. 8.4 million mainly due to the increase in international raw material prices and devaluation of the Pak Rupee impacts of which could not be passed on to the customers due to intense competition.

Exports: During the year under review, exports of Decorative and Industrial Laminates showed a growth of 75 percent over the preceding year, i.e. from Rs. 24 million to Rs. 42 million.

FOREST PRODUCTS DIVISION:

In view of continuous losses, the management has closed down the operations of the Division and is in the process of winding it up. The Directors have also decided to dispose of the fixed assets of this division.

EXPORT PERFORMANCE AWARD:

Your management is pleased to report that both the divisions - Papersack and Laminates, have been awarded the FPCCI Export Performance Award for the year 1999 - 2000 (Merit Category) for the export of papersacks and decorative laminates.

PATTERN OF SHAREHOLDINGS:

The Pattern of Shareholdings as at June 30, 2001 is provided on Page No. 8 of this Report.

FUTURE OUTLOOK:

The gradual depletion of foreign exchange reserves and downward trend of the Rupee are going to cause a serious problem for import based industries like ours. In addition, rising inflation and unfavourable investment climate has lead to a progressive decline in construction activity in the country, resulting in the reduced demand for cement. We are hopeful that the government will initiate policies conducive to investment opportunities to simulate the economy, which will result in the overall improvement of business and industrial activities.

CHANGE OF DIRECTORS:

Messers Zubair Ahmed and Musa Raza both nominees of NIT having resigned, the vacancies caused thereby have been filled by fresh nominations of Messers Shamsuddin Khan and Imran Hussain on the Board for the remaining term ending 14-10-2003. The Board places on record its appreciation for the valuable services rendered by the outgoing Directors and welcomes the new Directors.

APPOINTMENT OF AUDITORS:

The retiring auditors M/s. Hyder Bhimji & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.

EMPLOYEES RELATIONS:

The relations between the Management and Workers continued to remain cordial throughout the year. Additionally, the Directors would like to place on record their appreciation for the efforts of the management, staff members, employees and workers.

ACKNOWLEDGEMENT:

The Management wishes to acknowledge the continuous support and patronage of the institutions and cement units associated with our company. The management would also like to thank them for their cooperation and look forward to receiving the same in the future, which will give tremendous encouragement to our company.

**On behalf of the
Board of Directors**

**S. Z. Kazmi
Chief Executive**

Karachi: October 11, 2001.

PATTERN OF SHAREHOLDINGS AS AT 30.6.2001

<i>NUMBER OF SHARE HOLDERS</i>	<i>SHARE HOLDINGS RS. 5/- EACH</i>		<i>TOTAL SHARES HELD</i>	
690	1	--	100	26,008
629	101	--	500	166,531
221	501	--	1,000	173,775
324	1,001	--	5,000	719,547
44	5,001	--	10,000	315,409
14	10,001	--	15,000	182,920
4	15,001	--	20,000	67,032
14	20,001	--	25,000	321,940
10	25,001	--	30,000	276,564
3	30,001	--	35,000	92,021
4	35,001	--	40,000	149,100
1	40,001	--	45,000	44,500
1	45,001	--	50,000	47,451
1	65,001	--	70,000	69,100
3	75,001	--	80,000	231,191

3	85,001	--	90,000	263,261
4	95,001	--	100,000	385,800
3	105,001	--	110,000	327,400
2	110,001	--	115,000	225,609
1	115,001	--	120,000	118,292
1	120,001	--	125,000	120,488
1	130,001	--	135,000	131,414
2	145,001	--	150,000	293,622
4	240,001	--	245,000	979,867
1	265,001	--	270,000	267,696
1	425,001	--	430,000	427,800
1	2,625,001	--	2,630,000	2,628,654
1	4,745,001	--	4,750,000	4,745,520
-----			-----	-----
1,988		TOTAL		13,798,512
=====			=====	=====

**CATEGORIES OF
SHAREHOLDERS**

	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE %
Individuals	1,947	3,736,447	27.08
Investment Companies	2	113,097	0.82
Insurance Companies	6	732,222	5.31
Joint Stock Companies	18	296,368	2.15
Financial Institutions	3	3,056,754	22.15
Modaraba Companies	--	--	--
Foreign Investors	7	5,833,487	42.28
Co-operative Societies	2	1,827	0.01
Charitable Trusts	1	21,898	0.16
Others	2	6,412	0.04
	-----	-----	-----
TOTAL	1,988	13,798,512	100.00
	=====	=====	=====

AUDITORS' REPORT TO THE MENIBERS

We have audited the annexed Balance Sheet of Pakistan Papersack Corporation Limited as at June 30, 2001 and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, 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 the accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the Notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, 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, 2001 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source, under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited into the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi: October 11 2001

HYDER BHIMJI & CO.
Chartered Accountants.

BALANCE SHEET AS AT JUNE 30, 2001

	<i>Note</i>	<i>2001</i> <i>Rs. '000</i>	<i>2000</i> <i>Rs. '000</i>
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital:			
20,000,000 Ordinary Shares of Rs. 5/- each		100,000	100,000
		=====	=====
Issued, Subscribed & Paid-up Capital	3	68,993	68,993
General Reserve - Revenue	4	241,500	232,000
Un-appropriated Profit		378	178
		-----	-----
		310,871	301,171
LONG TERM FINANCE	5	2,406	--
DEFERRED LIABILITY-TAXATION		6,400	6,500
CURRENT LIABILITIES			
Short Term and Running Finance utilised under Mark-up arrangements	6	89,348	114,041
Current portion of Long Term Finance	7	875	--
Creditors, Accrued and Other Liabilities	8	77,183	73,830
Proposed Dividend		10,349	17,248
		-----	-----

CONTINGENCIES & COMMITMENTS	9	177,755	205,119
		-----	-----
		497,432	512,790
		=====	=====

The annexed notes form an integral part of these accounts.

Karachi: October 11, 2001.

PROPERTY AND ASSETS

TANGIBLE FIXED ASSETS

Operating Assets	10	54,389	55,924
Capital Work in progress - Plant & Machinery		977	--

		55,366	55,924
LONG TERM INVESTMENTS	11	40,986	63,905
LONG TERM DEPOSITS		1,656	1,987

CURRENT ASSETS

Stores & Spares	12	13,829	13,234
Stock-in-Trade	13	165,882	210,481
Trade Debts	14	108,915	99,156
Loans & Advances	15	34,591	48,540
Deposits & Prepayments	16	2,831	2,511
Other Receivables	17	36,365	10,471
Current portion of Long Term investment	18	27,999	--
Cash & Bank Balances	19	9,012	6,581
		-----	-----
		399,424	390,974
		-----	-----
		497,432	512,790
		=====	=====

RAFIQ M. HABIB
Chairman

KERSI D. KAPADIA
Director

S. Z. KAZMI
Chief Executive

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2001

	<i>Note</i>	<i>2001</i> <i>Rs. '000</i>	<i>2000</i> <i>Rs. '000</i>
Sales	21	731,825	698,883
Cost of Sales	22	637,789	578,003
		-----	-----
Gross Profit		94,036	120,880
		-----	-----
Administrative Expenses	23	38,629	39,026
Selling & Distribution Expenses	24	22,415	20,449
		-----	-----
		61,044	59,475
		-----	-----
Operating Profit		32,992	61,405
Trading Profit/(Loss)	25	4	(1,891)

Other Income	26	14,609	22,936
		-----	-----
		47,605	82,450
		-----	-----
Financial Expenses	27	20,619	23,214
Other Charges	28	1,688	3,875
		-----	-----
		22,307	27,089
		-----	-----
Profit before Taxation		25,298	55,361
Provision for Taxation			
- Current		4,500	17,000
- Prior Years		849	(398)
- Deferred		(100)	(600)
		-----	-----
		5,249	16,002
		-----	-----
Profit after Taxation		20,049	39,359
Un-appropriated Profit brought forward		178	1,067
		-----	-----
Available for appropriation		20,227	40,426
APPROPRIATIONS			
Proposed Dividend		10,349	17,248
Transferred to General Reserve		9,500	23,000
		-----	-----
		19,849	40,248
		-----	-----
Un-appropriated Profit carried forward		378	178
		=====	=====
Earning per Share	29	1.45	2.85
		=====	=====

The annexed notes form an integral part of these accounts.

RAFIQ M. HABIB
Chairman

KERSI D. KAPADIA
Director

S. Z. KAZMI
Chief Executive

Karachi: October 11, 2001.

**STATEMENT OF CHANGES IN FINANCIAL POSITION (CASH FLOW STATEMENT)
FOR THE YEAR ENDED JUNE 30, 2001**

	<i>2001</i>	<i>2000</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Taxation	25,298	55,361
Adjustments for:		
Depreciation	8,386	8,225
Gratuity	--	35
Investment Income	(14,124)	(22,792)
Interest Expenses	20,619	23,214
Profit on sale of Fixed Assets and Investment	(442)	(843)
	-----	-----

	14,439	7,839
Operating Profit before Working Capital changes	39,737	63,200
Change in Working Capital		
(Increase)/decrease in current assets		
Stores and Spares	(595)	(1,721)
Stock-in-trade	44,599	38,192
Trade Debts	(9,759)	17,274
Loans and Advances	5,241	2,027
Deposits and Prepayments	(320)	278
Other Receivables	(5,299)	(5,151)
	33,867	50,899
Increase/(decrease) in current liabilities		
Creditors, Accrued and other Liabilities excluding		
Dividend, Mark-up & Interest	5,756	(38,325)
Short term Running Finance	(24,693)	(64,745)
	(18,937)	(103,070)
	14,930	(52,171)
Cash generated from operations	54,667	11,029
Mark-up/Interest paid	(23,013)	(25,492)
Income Tax refund received	--	4,010
Income Tax paid	(17,052)	(22,377)
	(40,065)	(43,859)
Net cash generated from operations	14,602	(32,830)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(8,116)	(5,702)
Investment Income	13,940	22,592
Sale proceeds of Fixed Assets	730	3,563
Capital gain on Investment / Sale Proceeds of Investment	(5,080)	39,037
Net cash used in investing activities	1,474	59,490
	16,076	26,660
CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Finance obtained	3,500	--
Repayment of Long Term Finance	(219)	--
Dividend paid	(17,257)	(23,781)
Long Term Loans and Deposits	331	(60)
Net cash used in Financing activities	(13,645)	(23,841)
Net increase in cash and cash equivalents	2,431	2,819
Cash and cash equivalents at the beginning	6,581	3,762
Cash and cash equivalents at the end of the year	9,012	6,581

RAFIQ M. HABIB
Chairman

KERSI D. KAPADIA
Director

S. Z. KAZMI
Chief Executive

Karachi: October 11, 2001.

STATEMENT OF CHANGES IN EQUITY

	<i>Share Capital Rs. '000</i>	<i>General Reserve Rs. '000</i>	<i>Un-appro- priated Profit Rs. '000</i>	<i>Total Rs. '000</i>
Balance as on July 01, 1999	68,993	209,000	1,067	279,060
Net Profit for the year	--	--	39,359	39,359
Proposed Dividend	--	--	(17,248)	(17,248)
Transfer to General Reserve	--	23,000	(23,000)	--
	-----	-----	-----	-----
Balance as on June 30, 2000	68,993	232,000	178	301,171
Net Profit for the year	--	--	20,049	20,049
Proposed Dividend	--	--	(10,349)	(10,349)
Transfer to General Reserve	--	9,500	(9,500)	--
	-----	-----	-----	-----
Balance as on June 30, 2001	68,993	241,500	378	310,871
	=====	=====	=====	=====

RAFIQ M. HABIB
Chairman

KERSI D. KAPADIA
Director

S. Z. KAZMI
Chief Executive

Karachi: October 11, 2001

Notes to the Accounts for the year ended June 30, 2001

1. COMPANY AND ITS BUSINESS

The Company was incorporated in Pakistan in the year 1973. Its shares are quoted on the Stock Exchanges of Karachi and Lahore. The Principal business activities of different divisions of the Company are as follows:

<i>Division</i>	<i>Principal Activities</i>	<i>Location of Undertaking</i>	<i>Commencement of Commercial Production</i>
1. Balochistan Laminates	Formite Sheets and Laminates Manufacturing	Hub Chowki, Balochistan.	January 1, 1981
2. Stepped-end	Papersack Manufacturing	Hub Chowki, Balochistan.	April 1, 1986

2. ACCOUNTING POLICIES

2.1 Accounting Convention

The Accounts of the Company are prepared on historical cost convention, modification there to, if any, are stated.

2.2 Taxation

The charge for current taxation is based on Taxable Income at the current rates of taxation

after considering admissible tax credits and rebates, if any.

The Company provides for deferred tax liability arising on all material timing differences using the liability method.

2.3 Employees Retirement Benefits

The Company was operating unfunded defined benefit plan for its eligible employees who did not opt for defined contribution plans. However, effective this year the Company discontinued unfunded defined benefit plan scheme and now operates only defined contribution plan for its eligible employees. The Liability to the date of cessation of defined benefit plan is determined and accounted for.

2.4 Tangible Fixed Assets

These are stated at cost less accumulated depreciation except freehold land and capital work-in-progress which are stated at cost. Depreciation is provided on reducing balance method at the rate specified in Note No. 10 whereby the cost of an asset is written off over its estimated useful life. Depreciation is provided for whole year irrespective of their date of purchase while no depreciation is charged on disposals/deletions during the year. Maintenance and normal repairs are charged to income as and when incurred.

Major renewals and improvements are capitalised and assets so replaced, if any are retired.

Profit or loss on disposal of Fixed Assets is included in income currently.

2.5 Long-term Investment

Long-term investment in share of subsidiary company and associated undertakings are stated at cost less amount written off in respect of any diminution due to permanent impairment in value of the investment.

2.6 Stores, Spares and Stock-in-Trade

These are valued as follows:

Stores and Spares -	
Stepped-end Division	- At cost on FIFO basis.
Balochistan Laminates Div.	- At average cost basis.
Raw Material - in Stock	- At average cost.
- in Transit	- At actuals.
Finished Goods	- At lower of average cost or net realisable value.
Work-in-Process	- At average cost of Raw Material.
Stock out of Inter-Division	- At selling price less normal Gross Profit.
Transfers	

2.7 Trade Debts

Debts considered irrecoverable if any, are written off and provision is made for debts considered doubtful.

2.8 Revenue Recognition

Sales are recorded on despatch of goods to customers, Income on investment is recorded when right to receive is established.

2.9 Foreign Currency Translation

Assets in Foreign currency are translated into Pak Rupee at applicable exchange rate prevailing as on Balance Sheet date. Resultant exchange Gain (Loss) is recognized to Income.

2.10 Accounting for Leases

Lease rentals of assets acquired under operating lease arrangements are charged to profit.

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

<i>2000</i>	<i>2001</i>	<i>2001</i> <i>Rs. '000</i>	<i>2000</i> <i>Rs. '000</i>
1,240,000	1,240,000	6,200	6,200
	Ordinary shares of Rs. 5/- each full paid-up issued for cash		
650,000	650,000	3,250	3,250
	Ordinary shares of Rs. 5/- each full paid-up issued for consideration other than cash		
11,908,512	11,908,512	59,543	59,543
	Ordinary shares of Rs. 5/- each issued as fully paid Bonus Shares		
----- 13,798,512 =====	----- 13,798,512 =====	----- 68,993 =====	----- 68,993 =====

<i>2001</i> <i>Rs. '000</i>	<i>2000</i> <i>Rs. '000</i>
--------------------------------	--------------------------------

4. GENERAL RESERVE - REVENUE

As on July 01,	232,000	209,000
Transferred from Profit and Loss Account	9,500	23,000
	----- 241,500 =====	----- 232,000 =====

5. LONG TERM FINANCE

From Habib Bank Limited	3,281	--
Less: Current portion shown under Current Liabilities (Note No. 7)	875	--
	----- 2,406 =====	----- -- =====

This Finance has been utilised by Balochistan Laminates Division of the Company and carries mark-up rate of 16% per annum, chargeable quarterly. The Finance is secured by an equitable mortgage of Resin Plant of the Division.

The Finance is payable in 16 quarterly installments of Rs. 0.219 million each, commencing from June 2001.

6. SHORT TERM & RUNNING FINANCE UTILISED UNDER MARK-UP ARRANGEMENTS (Secured)

Running Finance	83,467	92,161
Short Term Finance	--	19,280
Export Refinance	5,881	2,600
	----- 89,348 =====	----- 114,041 =====

Aggregate facility available to the Company is Rs. 271 million (2000 - Rs. 271 million).

Mark-up rate charged on Short Term and Running Finance by Scheduled Banks on quarterly basis varies between 36 paise and 48 paise (2000 - 30 paise to 47 paise) per thousand rupees on daily

product basis.

Mark-up on Export Refinance is 29 paise (2000 - 22 paise) per thousand rupees on daily product basis.

The purchase price is payable to different banks on different dates and the last being February 28, 2002.

The arrangements are secured by pledge of Special US\$ Bonds and imported raw material and hypothecation of stores & spares, finished stocks and accounts receivables.

7. CURRENT PORTION OF LONG TERM FINANCE

Finance from Habib Bank Limited (Note No. 5)	875	--
	=====	=====

8. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors - Associated Undertakings	16,397	11,435
- Other Creditors	27,361	15,644
Custom duty payable	20,373	26,623
Accrued expenses	7,438	10,177
Workers' Profit Participation Fund (8.1)	1,364	2,962
Workers' Welfare Fund	339	913
Unclaimed Dividend	1,708	1,717
Mark-up accrued on Running and Short Term Finance	1,626	4,020
Others	577	339
	-----	-----
	77,183	73,830
	=====	=====

8.1 Workers' Profit Participation Fund:

Balance at July 1	2,962	3,847
Allocation for the period	1,349	2,962
	-----	-----
	4,311	6,809
Interest on Fund utilised in Co's. business	15	16
	-----	-----
	4,326	6,825
	-----	-----
Less: Paid to the Beneficiaries	654	709
Deposited with the Government	2,308	3,154
	-----	-----
	2,962	3,863
	-----	-----
Balance at June 30	1,364	2,962
	=====	=====

9. CONTINGENCIES & COMMITMENTS

9.1 While finalising the assessments for the assessment years 1991-92 and 1992-93, the Income Tax Authorities cancelled tax holiday period available to the Stepped-end Division of the Company which resulted in tax liability of Rs. 25.473 million. Both the Commissioner of Income Tax (Appeals) and the Income Tax Appellate Tribunal decided the case in favour of the Company. The case is now pending with the learned High Court of Sindh. As the Management is confident that the matter will be decided in favour of the Company, therefore, no provision has been made in these accounts.

9.2 The Board of Revenue, Sindh had claimed Rs. 1.245 million against payment of stamp duty on agreements made by the Company with the various cement companies. Since the matter is

pending with the High Court of Sindh and as the Management is confident that the matter will be decided in favour of the Company, therefore, no provision has been made in these accounts.

9.3 Commitments for Bank Guarantees issued against the performance of Sales Agreements with various Cement Companies and to the Collector of Customs amounted to Rs. 11.701 million (2000 - Rs. 14.404 million).

9.4 Commitments for rentals under operating lease agreements in respect of Vehicles/Machinery amounted to Rs. 1.964 million (2000 - Rs. 0.847 million). These are payable as follows:

2001 - 2002	627
2002 - 2003	627
2003 - 2004	510
2004 - 2005	200

	1,964
	=====

10. TANGIBLE FIXED ASSETS- OPERATING

PARTICULARS	COST				R A T E %	DEPRECIATION				(Rupees in '000)
	As on 1.7.2000	Additions	Disposals	Total as on 30.06.2001		Upto 1.7.2000	On Disposals	For the year	Total as on 30.6.2001	Book value as on 30.06.2001
Freehold Land	1,296	--	--	1,296	--	--	--	--	--	1,296
Factory Building on Freehold Land	30,986	--	--	30,986	10	24,359	--	663	25,022	5,964
Plant and Machinery	106,447	3,548	--	109,995	10	75,912	--	3,953	79,865	30,130
Office and Factory Equipments	11,503	101	22	11,582	10	6,766	8	482	7,240	4,342
Computers	2,933	597	33	3,497	30	1,267	9	671	1,929	1,568
Furniture and Fixtures	3,707	--	--	3,707	10	2,467	--	124	2,591	1,116
Motor Vehicles	26,023	2,893	792	28,124	20	16,200	542	2,493	18,151	9,973
	-----	-----	-----	-----		-----	-----	-----	-----	-----
2001	182,895	7,139	847	189,187		126,971	559	8,386	134,798	54,389
	=====	=====	=====	=====		=====	=====	=====	=====	=====
2000	179,290	10,176	6,571	182,895		122,090	3,344	8,225	126,971	55,924
	=====	=====	=====	=====		=====	=====	=====	=====	=====

Plant and Machinery includes Press Plates on which depreciation has been charged @ 30%.

Depreciation charge has been allocated to:

	Stepped-end Division	Balochistan Laminates Division	Forest Products Division	Total 2001 Rs. '000	Total 2000 Rs. '000
Manufacturing expenses	3,060	3,347	940	7,347	7,235
Administration expenses	540	499	--	1,039	990
	-----	-----	-----	-----	-----
	3,600	3,846	940	8,386	8,225
	=====	=====	=====	=====	=====

10.1 DETAILS OF FIXED ASSETS DISPOSED OF

(Rupees in '000)

<i>Particulars</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>W.D.V.</i>	<i>Sales Proceeds</i>	<i>Profit/ (Loss)</i>	<i>Mode of Sale</i>	<i>Sold to</i>
MOTOR VEHICLES							
Toyota Corolla	252	215	37	213	176	Negotiation	Mr. Javed Iqbal, Chak No. 105, Tehsil Vehari, District Multan.
Margalla	372	181	191	210	19	Company Scheme	Mr. Jaffer Sharif, Ex-Employee, 95/1, Saba Avenue, Defence Phase V Extension, Karachi.
Toyota Corolla	39	33	6	31	25	Company Scheme	Mr. Khursheed Akbar, Ex-Employee, 450/8, Azizabad, E B. Area, Karachi.
Suzuki Khyber	22	19	3	120	117	Tender	Mr. Mudasir Younus Ali, House No. F-1, Maisam Luxury Apt., 213, Amir Colony, Karachi.
Sabaru	27	22	5	125	120	Negotiation	Mrs. Hamida Begum, House No. 120, Hasan Pirwana Colony, Multan.
Toyota Corolla	80	72	8	10	2	Negotiation	Mr. Salar Hussain, Company Employee.
Computer	28	7	21	12	(9)	Negotiation	Mr. Jaffer Sharif, Ex-Employee, 95/1, Saba Avenue, Defence Phase V Extension, Karachi.
Printer	5	2	3	1	(2)	Negotiation	Mr. Sajjad Hussain, Company Employee.
Airconditioner	22	8	14	8	(6)	Negotiation	Bilal Electronics, 2/1310, Shah Faisal. Colony, Karachi.
2001	847	559	288	730	442		
2000	6,571	3,344	3,227	3,563	336		

2001
Rs. '000

2000
Rs. '000

11. LONG TERM INVESTMENTS

11.1 In Subsidiary Company - Unquoted:

199,700 Shares of Noble Computer Services (Pvt.)
Ltd., of Rs. 5/- each (Equity held 99.85%).
Net aggregate value of investments

999

999

based on the net assets shown in the audited
accounts for the year ended June 30, 2001
Rs. 8.033 million (2000 - Rs. 7.397 million)
Chief Executive: Mr. Tayyeb Afzal

11.2 In fully paid Ordinary Shares of Associated Undertakings:

2000	2001		
391,262	449,951	Shares of Shabbir Tiles and Cerami Ltd., of Rs. 5/- each	1,045
314,226	408,493	Shares of Dynea Pakistan Ltd., of Rs. 5/- each	900
1,013,000	1,013,000	Shares of Agriauto Industries Ltd., of Rs. 5/- each	5,442
3,260,000	3,260,000	Shares of Indus Motor Company L of Rs. 10/- each	32,600
			39,987
			39,987

Aggregate Market value as on
June 30, 2001 - Rs. 49.487 million
(2000 - Rs. 51.154 million)

11.3 Special US \$ Bearer Bonds - US \$ 438,300

(Under lien with Habib Bank AG Zurich)

The investment carries an interest rate of

LIBOR + 2% receivable bi-annually. The bonds are
maturing in November 2001 and have been
translated at the prevailing rate of
Rs. 63.88/US Dollar (2000 - Rs. 52.29/US Dollar)

27,999	22,919
68,985	63,905
27,999	--
40,986	63,905
=====	=====

Less: Current portion shown under
current assets (Note No. 18)

12. STORES & SPARES

Stores	2,474	2,623
Spares	11,355	10,611
	13,829	13,234
	=====	=====

13. STOCK-IN-TRADE

Raw Material - in Stock	133,828	169,489
- in Transit	--	15,618
Finished Stock	32,002	25,291
Trading Stock	52	83
	165,882	210,481
	=====	=====

14. TRADE DEBTS - Unsecured

Considered good - Associated undertakings	4	110
Others	108,911	99,046
	-----	-----
	108,915	99,156
Considered doubtful	5,601	5,601
	-----	-----
	114,516	104,757
Less: Provision for doubtful debts	5,601	5,601
	-----	-----
	108,915	99,156
	=====	=====

Maximum aggregate amount due from associated undertaking at the end of any month during the year was Rs. 0.355 million (2000 - Rs. 0.110 million).

15. LOANS AND ADVANCES - Unsecured-considered good

Advances: Against expenses	44	51
To Suppliers/contractors	1,523	4,168
To Employees	793	243
Income Tax - net	29,155	37,863
Sales Tax	2,889	5,760
Excise Duty	--	187
Others	187	268
	-----	-----
	34,591	48,540
	=====	=====

16. DEPOSITS & PREPAYMENTS

Security deposits	1,996	1,078
Prepayments	835	1,433
	-----	-----
	2,831	2,511
	=====	=====

17. OTHER RECEIVABLES

Octroi refundable	225	3,047
Sales Tax/Excise duty refundable	--	4,191
Income Tax refundable	20,411	--
Export rebate/duty draw back	12,853	2,073
Interest receivable	386	202
2% PSI Charges refundable	1,019	--
Other receivables	1,471	958
	-----	-----
	36,365	10,471
	=====	=====

18. CURRENT PORTION OF LONG TERM INVESTMENT

Investment in Special US\$ Bonds maturing in November 2001	27,999	--
	=====	=====

19. CASH AND BANK BALANCES

Cash in Hand	283	46
With Banks - in Current Accounts		
Pak Rupee Account	2,867	3,735
US \$ account - 150 US\$ translated into Rs. Pak Rupee		

@ Rs. 66.55/US \$ (2000 - US \$150 @ Rs. 51.90/US\$)	10	7
Deposit Accounts:		
US \$ Account - 87,931 US\$ translated into Pak Rupee		
@ Rs. 66.55/US \$ (2000 - 53,740 US \$ @ Rs. 51.90/US\$)	5,852	2,789
DM Account - 158 translated into Pak Rupee @ Rs. 26.90/DM	--	4
	-----	-----
	9,012	6,581
	=====	=====

20. OPERATING RESULTS

PARTICULARS	2001				2000			
	Stepped-end Division	Balochistan Laminates Division	Forest Products Division	Total	Stepped-end Division	Balochistan Laminates Division	Forest Products Division	Total
Net Sales (Note 21)	386,031	345,594	209	731,825	391,197	307,054	1,120	698,883
Cost of Goods Sold (Note 21)	320,421	315,480	1,897	637,789	301,756	272,970	3,765	578,003
Gross Profit / (Loss) on Manufactu	65,610	30,114	(1,688)	94,036	89,441	34,084	(2,645)	120,880
Administrative Expenses (Note 23)	27,303	11,326	--	38,629	28,899	9,981	146	39,026
Selling & Distribution Exp. (Note 2)	12,017	10,398	--	22,415	11,617	8,716	116	20,449
	39,320	21,724	--	61,044	40,516	18,697	262	59,475
Operating Profit / (Loss)	26,290	8,390	(1,688)	32,992	48,925	15,387	(2,907)	61,405

21. SALES

Sales -Intersegment	--	9	--	--	--	488	--	--
- Others	343,961	302,961	209	647,131	378,241	282,294	1,120	661,655
- Export	42,070	42,655	--	84,725	12,956	24,311	--	37,267
	386,031	345,625	209	731,856	391,197	307,093	1,120	698,922
Less - Commission to selling agent	--	31	--	31	--	39	--	39
Net Sales	386,031	345,594	209	731,825	391,197	307,054	1,120	698,883

Inter segment sales are not included in total.

22. COST OF GOODS SOLD

Raw Material Consumed (22.1)	310,552	281,493	43	592,079	278,405	246,890	758	525,565
Duty Draw back	(9,503)	(5,319)	--	(14,822)	(1,680)	(3,760)	--	(5,440)
Manufacturing Expenses (22.2)	23,748	41,775	1,720	67,243	24,315	37,856	3,013	65,184
Cost of Manufacturing	324,797	317,949	1,763	644,500	301,04	280,99	3,771	585,309
Finished Goods- Opening	4,730	20,410	151	25,291	5,446	12,394	145	17,985
Finished Goods- Closing	(9,106)	(22,879)	(17)	(32,002)	(4,730)	(20,410)	(151)	(25,291)
	(4,376)	(2,469)	134	(6,711)	716	(8,016)	(6)	(7,306)
	320,421	315,480	1,897	637,789	301,756	272,970	3,765	578,003

22.1 RAW MATERIAL CONSUMED

Opening Stock	124,617	44,309	563	169,489	133,759	51,792	563	186,114
Purchases:								
Inter segment purchases	--	--	9	--	--	--	488	--
Other purchases	261,804	294,580	34	556,418	269,263	239,407	270	508,940
	-----	-----	-----	-----	-----	-----	-----	-----
	261,804	294,580	43	556,418	269,263	239,407	758	508,940
Closing Stock	(75,869)	(57,396)	(563)	(133,828)	(124,617)	(44,309)	(563)	(169,489)
	-----	-----	-----	-----	-----	-----	-----	-----
	310,552	281,493	43	592,079	278,405	246,890	758	525,565
	=====	=====	=====	=====	=====	=====	=====	=====

Inter segment purchases are not included in total.

22.2 MANUFACTURING EXPENSES

Salaries, Wages and other benefits	11,176	14,059	314	25,549	10,897	12,487	885	24,269
Electricity, gas and water	1,742	15,300	300	17,342	1,866	13,920	920	16,706
Rent, Rates and Taxes	86	54	54	194	121	54	54	229
Insurance	849	303	64	1,216	1,169	672	36	1,877
Telephone and Telex	149	265	--	414	170	301	--	471
Postage and Telegram	25	6	--	31	14	4	--	18
Printing and Stationery	61	311	--	372	86	342	--	428
Travelling and Conveyance	54	324	5	383	30	243	26	299
Subscription	7	23	--	30	7	7	--	14
Entertainment	80	--	--	80	72	--	--	72
Research and Development	131	116	--	247	--	21	--	21
Handling, Storage and Transportat	32	48	9	89	56	154	--	212
Vehicle running expenses	471	509	--	980	485	349	--	834
Repairs and Maintenance	1,812	2,613	34	4,459	1,641	1,595	58	3,294
Stores and Spares consumed	1,621	4,003	--	5,624	2,318	4,619	--	6,937
Legal and Professional charges	--	281	--	284	--	242	--	242
Contract baling and other mfg. exp	2,392	--	--	2,39	2,026	--	--	2,026
Depreciation	3,060	3,347	940	7,347	3,355	2,846	1,034	7,235
Lease Rentals	--	213	--	213	--	--	--	--
	-----	-----	-----	-----	-----	-----	-----	-----
	23,748	41,775	1,720	67,243	24,315	37,856	3,013	65,184
	=====	=====	=====	=====	=====	=====	=====	=====

Salaries and benefits includes Rs. 0.801 million (2000 - Rs. 1.67 million) in respect of staff retirement benefits.

23. ADMINISTRATIVE EXPENSES

Salaries, Wages and other benefits	12,186	5,798	--	17,984	13,537	5,366	123	19,026
Electricity, gas and water	2,225	902	--	3,127	1,687	649	--	2,336
Rent, Rates and Taxes	1,124	532	--	1,656	1,339	413	--	1,752
Insurance	1,224	2	--	1,226	1,312	5	--	1,317
Telephone and Telex	1,220	853	--	2,073	1.27	890	10	2,172
Postage and Telegram	75	121	--	196	71	63	--	134
Printing and Stationery	542	175	--	717	416	228	--	644
Travelling and Conveyance	2,436	505	--	2,941	3,507	295	13	3,815
Subscription	403	57	--	460	459	57	--	516
Entertainment	498	--	--	498	636	--	--	636
Vehicle running expenses	2,185	678	--	2,863	1,826	685	--	2,511
Repairs and Maintenance	582	160	--	742	709	259	--	968
Computer service charges	311	226	--	537	282	140	--	422
Advertisement and Publicity	126	--	--	126	155	--	--	155
Donation (23.1)	144	77	--	221	290	66	--	356

Auditors' Remuneration (23.2)	99	--	--	99	87	--	--	87
Legal and Professional charges	1,378	338	--	1,716	1,432	--	--	1,432
Depreciation	540	499	--	1,039	592	398	--	990
Vehicle lease rentals	--	403	--	403	--	467	--	467
Directors' Fee	5	--	--	5	4	--	--	4
Diminution in investment value wri	--	--	--	--	(714)	--	--	(714)
	-----	-----	-----	-----	-----	-----	-----	-----
	27,303	11,326	--	38,629	28,899	9,981	146	39,026
	=====	=====	=====	=====	=====	=====	=====	=====

Salaries and benefits includes Rs. 0.818 million (2000 - Rs. 2.071 million) in respect of staff retirement benefits.

23.1 DONATION

An amount of Rs. 0.170 million (2000 - Rs. 0.155 million) has been donated to M/s. Mohammedali Habib Welfare Trust in which two of the Company's Directors are trustees. None of the Directors or their spouse have any interest in other donees.

	<i>2001</i>	<i>2000</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
23.2 AUDITORS' REMUNERATION		
Audit fee	80	70
Out of Pocket Expenses	19	17
	-----	-----
	99	87
	=====	=====

24. SELLING AND DISTRIBUTION EXPENSES

<i>PARTICULARS</i>	<i>2001</i>			<i>Total</i>	<i>2000</i>			<i>Total</i>
	<i>Stepped-end Division</i>	<i>Balochistan Laminates Division</i>	<i>Forest Products Division</i>		<i>Stepped-end Division</i>	<i>Balochistan Laminates Division</i>	<i>Forest Products Division</i>	
Salaries, Wages and other benefits	3,253	3,845	--	7,098	3,679	3,353	--	7,032
Electricity, Gas and Water	72	84	--	156	126	115	--	241
Rent, Rates and Taxes	119	--	--	119	287	--	--	287
Insurance	127	--	--	127	167	--	--	167
Telephone & Telex	418	349	--	767	390	416	--	806
Postage & Telegram	74	37	--	111	124	54	--	178
Printing and Stationery	110	--	--	110	67	391	--	458
Travelling and Conveyance	1,027	492	--	1,519	666	--	--	666
Subscription	13	6	--	19	23	84	--	107
Entertainment	11	118	--	129	45	--	--	45
Cartage	5,918	3,806	--	9,724	5,248	2,632	96	7,976
Vehicle running expenses	288	445	--	733	546	438	--	984
Repairs and Maintenance	56	47	--	103	57	56	--	113
Legal and Professional charges	263	22	--	265	--	45	--	45
Advertisement and Publicity	120	1,115	--	1,235	56	1,002	--	1,058
Sales promotion expenses	132	--	--	132	105	--	20	125
Tender expenses	16	--	--	16	1	--	--	1
Lease rentals	--	32	--	32	30	130	--	160
	-----	-----	-----	-----	-----	-----	-----	-----
	12,017	10,398	--	22,415	11,617	8,716	116	20,449
	=====	=====	=====	=====	=====	=====	=====	=====

Salaries and wages includes Rs. 0.328 million (2000 - Rs. 1.34 million) in respect of staff retirement benefits.

	<i>2001</i> <i>Rs. '000</i>	<i>2000</i> <i>Rs. '000</i>
25. TRADING PROFIT/(LOSS)		
Sales	35	13,393
Cost of Sales		
Opening Stock	83	11,948
Add: Purchases	--	2,375
	-----	-----
Total Available	83	14,323
Less - Closing Stock	52	83
	-----	-----
	31	14,240
	-----	-----
Gross Profit/(Loss)	4	(847)
Administrative & Selling Expenses	--	1,044
	-----	-----
Net Profit/(Loss)	4	(1,891)
	=====	=====
26. OTHER INCOME		
Dividend Income (26.1)	5,789	7,441
Sale of scrap and waste	43	15
Profit on sale of fixed assets	442	336
Interest Income	212	3
Income on Dollar Bearer Bonds/Foreign Currency Account	8,123	5,716
Income on Foreign Currency Account	--	43
Income on Fudiciary deposits	--	9,589
Loss on sale of investment	--	(207)
	-----	-----
	14,609	22,936
	=====	=====
26.1 DIVIDEND INCOME		
From Associated Undertakings:		
Indus Motor Company Limited	4,890	6,520
Shabbir Tiles & Ceramics Limited	538	489
Dynea Pakistan Limited	361	432
	-----	-----
	5,789	7,441
	=====	=====
27. FINANCIAL EXPENSES		
Interest on Long Term Finance	291	--
Mark-up on Short Term & Running Finance	19,056	21,845
Bank Charges and Commission	1,257	1,353
Interest on Workers' Profit Participation Fund	15	16
	-----	-----
	20,619	23,214
	=====	=====
28. OTHER CHARGES		
Workers' Profit Participation Fund	1,349	2,962
Workers' Welfare Fund	339	913
	-----	-----
	1,688	3,875
	=====	=====

29. EARNING PER SHARE

Profit after Tax	20,049	39,359
Average number of shares in issue during the year	13,799	13,799
Earning per share	1.45	2.85
	=====	=====

30. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the accounts for the year for fees and remuneration including certain benefits to the Directors, Chief Executive and other Executives of the Company were as follows:

	<i>2001</i>			<i>2000</i>		
	<i>Directors</i>	<i>Chief Executive</i>	<i>Executives</i>	<i>Directors</i>	<i>Chief Executive</i>	<i>Executives</i>
No. of persons	5	1	47	5	1	46
Directors Fee	5	--	--	4	--	--
Remuneration	--	600	12,495	--	600	11,130
Bonus	--	--	1,536	--	--	1,209
Housing & Utilities	--	218	3,771	--	362	3,347
Retirement Benefits	--	50	998	--	50	846
Medical Expenses	--	41	818	--	41	690
Other Benefits	--	133	2,159	--	--	2,522
	-----	-----	-----	-----	-----	-----
Rs. '000s	5	1,042	21,777	4	1,053	19,744
	=====	=====	=====	=====	=====	=====

Two of the Directors, the Chief Executive and the Executives entitled as per company rules are provided with the free use of Company's maintained car. The monetary impact of vehicle running expenses is not easily determinable.

	<i>2001</i>	<i>2000</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
31. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS		
Services rendered by associated undertakings	1,420	889
Goods purchased	44,549	39,644
Vehicles purchased	399	--
Dividend received	5,789	7,441
Goods sold	907	628

32. PRODUCTION CAPACITY

Stepped-end Division (million bags)		
Installed Production Capacity	100	100
Actual Production	38.87	37.71

Low production due to depressed market conditions.

The production capacity of BLD cannot be determined as this depends on the relative proportion of various types of products.

Actual production of Forest Products Division is also unmeasurable in units.

33. SEGMENTAL ASSETS AND LIABILITIES*2001**2000**(Rupees in '000)*

<i>PARTICULARS</i>	<i>Stepped- end Division</i>	<i>Balochistan Laminates Division</i>	<i>Forest Products Division</i>	<i>Total</i>	<i>Stepped- end Division</i>	<i>Balochistan Laminates Division</i>	<i>Forest Products Division</i>	<i>Total</i>
Fixed Assets	19,510	27,033	8,823	55,366	21,353	24,916	9,655	55,924
Long term Deposits	844	786	26	1,656	811	1,150	26	1,987
Investments	--	--	--	68,985	--	--	--	63,905
Current Assets	202,387	165,857	3,181	371,425	256,889	130,569	3,516	390,974
Long term Finance	--	3,281	--	3,281	--	--	--	--
Deferred Tax	--	--	--	6,400	--	--	--	6,500
Current Liabilities	61,258	101,519	3,754	166,531	106,707	77,923	3,241	187,871
Proposed Dividend	--	--	--	10,349	--	--	--	17,248
	=====	=====	=====	=====	=====	=====	=====	=====

34. RELATED DISCLOSURE

34.1 Financial Assets and Liabilities

	<i>Interest/Mark-up bearing</i>			<i>Non Interest/Mark-up bearing</i>			<i>Rs. in '000</i>
	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub Total</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub Total</i>	<i>TOTAL</i>
Financial Assets							
Investments	27,999	--	27,999	--	40,986	40,986	68,985
Trade Debts	--	--	--	108,915	--	108,915	108,915
Other Receivables	--	--	--	36,365	--	36,365	36,365
Cash and Bank Balances	5,852	--	5,852	3,160	--	3,160	9,012
	-----	-----	-----	-----	-----	-----	-----
	33,851	--	33,851	148,440	40,986	189,426	223,277
	=====	=====	=====	=====	=====	=====	=====
Financial Liabilities							
Long term Finance	875	2,406	3,281	--	--	--	3,281
Secured Short Term and running Fi	89,348	--	89,348	--	--	--	89,348
Creditors accrued and other Liabilit	--	--	--	77,183	--	77,183	77,183
Proposed Dividend	--	--	--	10,349	--	10,349	10,349
	-----	-----	-----	-----	-----	-----	-----
	90,223	2,406	92,629	87,532	--	87,532	180,161
	=====	=====	=====	=====	=====	=====	=====

34.2 Risk Management

Effective interest rate

Effective interest rates for monetary financial liabilities have been provided in respective notes of such liabilities.

Concentration of Credit Risk

The company does not believe that it is exposed to major concentration of credit risk because credit worthiness of the customer is considered while sales are made on credit however, provision for doubtful debts is also made where it is considered necessary.

Fair Value of Financial Instruments

The management is of the view that carrying values of financial assets and liabilities approximate their fair value. Diversion, if any, between these values is also stated under respective notes of the financial assets.

2001

2000

35. No. of employees	281 =====	286 =====
----------------------	--------------	--------------

36. CORRESPONDING FIGURES

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

STATEMENT UNDER SECTION 237(1) (e) OF THE COMPANIES ORDINANCE, 1984**Name of the subsidiary - Noble Computer Services (Private) Limited**

<i>Accounting Year ended</i>	<i>Rs. '000</i> <i>30.06.2001</i>	<i>Rs. '000</i> <i>30.06.2000</i>
Percentage Holding	99.85%	99.85%

The net aggregate amount of the profits after deducting losses, if any, of the subsidiary company so far as these concern members of the holding company and have been dealt within the accounts of the holding company for the year ended June 30, 2000 are -

For the current year	Nil	Nil
For the previous years	Nil	Nil

The net aggregate amount of the profits after deducting losses, if any, of the subsidiary company so far as these concern members of the holding company and have not been dealt within the accounts of the holding company for the year ended June 30, 2000 are:

- In the current year	636	534
- In the previous years	6,398	5,864

EIGHTEENTH REPORT OF THE DIRECTORS FOR THE YEAR ENDED JUNE 30, 2001.

The Shareholders,

The Directors of your company submit their Eighteenth Annual Report on the affairs of the Company for the year ended June 30, 2001.

REVIEW OF OPERATIONS:

The Company continued with its Share Registrar Services and Share Accounting Services, which was maintained during the year under review. The Company handled two TFC Floatations during the year under review. The deposit of share certificates into the Central Depository Corporation has sustained revenues during the year.

FINANCIAL PERFORMANCE:

The profit before taxes for the year under review amounted to Rs. 1.294 million as compared to the profit before taxation in the previous year amounting to Rs. 1.253 million.

The particulars of appropriation of profit for the year under review are detailed below:

	2001 Rupees '000s	2000 Rupees '000s
Profit from operations for the year	324	1,036
Add: Other Income	971	220
	-----	-----
Financial Expenses	1,295	1,256
	1	3
	-----	-----
Profit before taxation	1,294	1,253
Less: Provision for Income Tax (current/prior year)	657	718
	-----	-----
Accumulated Profit brought forward	637	535
	4,533	3,998
	-----	-----
Accumulated Profit carried forward	5,170	4,533
	=====	=====

It is expected that profitability of the Company will be maintained in the forthcoming year.

On behalf of the Board

Ali S. Habib
Chairman.

Karachi: October 11, 2001,

PATTERN OF SHAREHOLDINGS

As on June 30, 2001

NUMBER OF SHAREHOLDERS	SHARE HOLDINGS RS. 5/- EACH		TOTAL SHARES HELD	
3	1	to	100	300
--	101	to	500	--
--	501	to	1000	--
--	1001	to	5000	--
--	5001	to	10000	--
1	10001	to	Above	199,700
-----			-----	-----
4	TOTAL			200,000
=====			=====	=====

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE %
1. Individuals	3	300	0.15
2. Investment Companies	--	--	--
3. Insurance Companies	--	--	--
4. Joint Stock Companies	1	199,700	99.85
5. Financial Institutions	--	--	--
6. Modaraba Companies	--	--	--
7. Foreign Investors	--	--	--
8. Co-operative Societies	--	--	--
9. Charitable Trusts	--	--	--

10. Others	--	--	--
TOTAL	4	200,000	100.00

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **NOBLE COMPUTER SERVICES (PVT.) LIMITED** as at June 30, 2001 and the related Profit and Loss Account together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, 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 the accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account together with the Notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, 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, 2001 and of the profit for the year then ended; and

d) in our opinion, no Zakat was deductible at source, under the Zakat and Ushr Ordinance, 1980.

Karachi: October 11, 2001.

HYDER BHIMJI & CO.
Chartered Accountants.

BALANCE SHEET AS AT JUNE 30, 2001

<i>Note</i>	<i>2001</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>

		'000s	'000s
AUTHORISED CAPITAL			
2,000,000 Ordinary Shares of Rs. 5/- each		10,000	10,000
		=====	=====
SHARE CAPITAL AND RESERVE			
Issued, subscribed and paid up capital			
200,000 Ordinary Shares of Rs. 5/- each		1,000	1,000
General Reserve - Revenue		1,875	1,875
Un-appropriated Profit		5,170	4,533
		-----	-----
		8,045	7,408
CURRENT LIABILITIES			
Creditors, Accrued Expenses and Other Liabilities	3	1,126	822
Provision for Taxation		142	156
		-----	-----
		1,268	978
		-----	-----
		9,313	8,386
		=====	=====

NOTE: The annexed notes form an integral part of these accounts.

Karachi: October 11, 2001.

TANGIBLE FIXED ASSETS	4	804	1,038
CURRENT ASSETS			
Computer Supplies - (At Cost)		70	33
Trade Debts	5	612	857
Loans and Advances	6	167	1
Deposits and Prepayments	7	99	50
Other Receivables	8	28	596
Short Term Investments	9	6,000	3,000
Cash and Bank Balances	10	1,533	2,811
		-----	-----
		8,509	7,348
		-----	-----
		9,313	8,386
		=====	=====

TAYYEB AFZAL
Chief Executive

KERSI D. KAPADIA
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2001

	<i>Note</i>	<i>2001</i> <i>Rupees</i> <i>'000s</i>	<i>2000</i> <i>Rupees</i> <i>'000s</i>
INCOME			
Sales and Services		10,790	10,928
Administrative, General & Selling Expenses	11	10,466	9,892
		-----	-----
Operating Profit		324	1,036

Other Income	12	971	220
		-----	-----
		1,295	1,256
Financial Expenses	13	1	3
		-----	-----
Profit before Taxation		1,294	1,253
Provision for Taxation			
For current year		584	570
For prior years		73	148
		-----	-----
		657	718
		-----	-----
Profit after Taxation		637	535
Accumulated Profit brought forward		4,533	3,998
		-----	-----
Accumulated Profit carried forward		5,170	4,533
		=====	=====

The annexed notes form an integral part of these accounts.

TAYYEB AFZAL
Chief Executive

KERSI D. KAPADIA
Director

Karachi - October 11, 2001.

**STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE PERIOD ENDED JUNE 30, 2001**

	<i>2001</i>	<i>2000</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Taxation	1,294	1,253
Adjustments for:		
Depreciation	276	292
Interest Income	(972)	(224)
Financial expenses	1	--
Loss on sale of Assets	1	4
	-----	-----
	(694)	72
	-----	-----
Operating Profit before working capital changes	600	1,325
Changes in Working Capital		
(Increase)/Decrease in current assets		
Inventories	(37)	32
Trade Debts	245	86
Loans and advances	(166)	3
Deposits and Prepayments	(49)	75
Other Receivables	10	82
	-----	-----
	3	278

Increase/(Decrease) in operating liabilities

Creditors, accrued and other liabilities	304	(125)
	-----	-----
	304	(125)
	-----	-----
	307	153
	-----	-----
	907	1,478
Cash generated from operations		
Mark-up / interest paid	(1)	--
Income Tax refund received	558	1,034
Income Tax paid	(671)	(414)
	-----	-----
	(114)	620
	-----	-----
Net cash generated from operations	793	2,098
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(97)	(119)
Sale proceeds of fixed assets	54	65
	-----	-----
Net cash used in investing activities	(43)	(54)
	-----	-----
	750	2,044
 CASH FLOWS FROM FINANCING ACTIVITIES		
Interest income received	972	224
	-----	-----
Net (increase) in cash and cash equivalents	1,722	2,268
Cash and cash equivalents at the beginning	5,811	3,543
	-----	-----
Cash and cash equivalents at the end	7,533	5,811
	=====	=====

TAYYEB AFZAL
Chief Executive

KERSI D. KAPADIA
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2001.

1. COMPANY AND ITS OPERATION

The Company was incorporated in Pakistan as a Private Limited Company. The main business of the Company is to render Computer Services.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

In these accounts the term "Cost" signifies "Historical" Cost.

2.2 Employees Retirement Benefit

The Company operates a provident fund scheme for all the employees, who are eligible to the benefit. The payment is made to the trust in accordance with the provisions of the Companies Ordinance, 1984.

2.3 Taxation

The provision for current taxation is based on taxable income at the current rates of taxation after considering admissible tax credits and rebates, if any.

2.4 Fixed Assets

These are stated at cost less accumulated depreciation. Depreciation is charged to income applying the reducing balance method. Full year depreciation is charged on addition during the year and no depreciation is charged on Fixed Assets disposed of during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and assets so replaced, if any, are retired.

2.5 Revenue Supplies

These are valued at cost on first in first out basis.

2.6 Revenue Recognition

For Project jobs, service income is recorded on completion of jobs. For jobs of recurring nature, the service income is recorded on monthly basis. Income on investment is recorded when received.

2.7 Accounting for leases

As per previous practice lease rentals for assets acquired under operating lease arrangements are charged to income.

	<i>2001</i> <i>Rupees</i> <i>'000s</i>	<i>2000</i> <i>Rupees</i> <i>'000s</i>
3. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES		
Creditors	127	149
Accrued Expenses	600	384
Advance from customers	235	--
Other Liabilities	164	289
	-----	-----
	1,126	822
	=====	=====

4. TANGIBLE FIXED ASSETS

PARTICULARS	COST			Total as on 30.06.2001	Rate %	DEPRECIATION			Total as on 30.06.2001	W.D.V. as on 30.06.2001
	As on 01.07.2000	Additions	Deletions			Accumulated as on 01.07.2000	On Disposal	For the year		
Electronic Data										
Processing Equipments	1,393	21	2	1,412	30	860	1	166	1,025	387
Office Equipments	216	--	51	164	20	99	42	21	78	86
Office Equipments - PABX	--	36	--	36	33	--	--	12	12	24
Refrigeration & A.C. Equipments	173	--	33	140	20	77	4	13	86	54
Furniture, Fixture & Fittings	565	40	57	548	20	327	42	53	338	210
Motor Vehicles	139	--	--	139	20	85	--	11	96	43
	-----	-----	-----	-----		-----	-----	-----	-----	-----
2001	2,486	97	144	2,439		1448	89	276	1,635	804
	=====	=====	=====	=====		=====	=====	=====	=====	=====
2000	2,489	119	122	2,486		1,209	53	292	1,448	1,038
	=====	=====	=====	=====		=====	=====	=====	=====	=====

4.1 DETAILS OF FIXED ASSETS DISPOSED OF

(Rupees in 000's)

<i>PARTICULARS</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>W.D.V.</i>	<i>Sales Proceeds</i>	<i>Profit/ (Loss)</i>	<i>Mode of Sale</i>	<i>Sold to</i>
EDP Equipments	2	1	1	1	--	Negotiation	M/s. Crescent Computers, Soldier Bazar, Karachi.
Furniture & Fixtures (Written down value of items below than Rs. 5000/-)	57	42	15	23	8	Negotiation	Various
Office Equipments	52	42	10	4	(6)	Negotiation	M/s. Khan Business Products, Hafeez Centre, A-34, KCHS.
Air-Conditioners	10	1	9	6	(3)	Negotiation	Dr. Ziauddin Zia, Habib Bank A.D. Zurich, I.I. Chundrigar Road, Karachi.
Air-Conditioners	12	2	10	10	--	Negotiation	Bengal Engineering, Gulshan-e-Iqbal, Karachi.
Air-Conditioners	11	1	10	10	--	Negotiation	Habib Bank A.G. Zurich, I.I. Chundrigar Road, Karachi.
2001	144	89	55	54	(1)		
2000	122	53	69	65	(4)		

2001
Rupees
'000s

2000
Rupees
'000s

5. TRADE DEBTS (Unsecured - Considered Good)

Associated Undertakings	148	173
Others	464	684
	612	857
Considered Doubtful	32	--
	644	857
Less: Provision for Doubtful Debts	32	--
	612	857

6. LOANS AND ADVANCES

Advances to Employees	26	1
Advance for Purchases for Fixed Assets	141	--
	167	1

7. DEPOSITS AND PREPAYMENTS

Deposits	54	12
Prepayments	45	38
	99	50

8. OTHER RECEIVABLES

Income tax Refundable	--	558
Other Receivables	28	38
	-----	-----
	28	596
	=====	=====

9. SHORT TERM INVESTMENTS

In Fixed Deposits - Habib Modaraba	6,000	--
In Fixed Deposits - First International Investment Bank Limited	--	3,000
	-----	-----
	6,000	3,000
	=====	=====

10. CASH AND BANK BALANCES

Cash in Hand	10	17
With Banks in Current Accounts	1,523	2,794
	-----	-----
	1,533	2,811
	=====	=====

11. ADMINISTRATIVE, GENERAL AND SELLING EXPENSES

Salaries, Wages and Benefits	6,484	6,272
Electricity, Gas and Water	985	748
Rent, Rates and Taxes	591	528
Insurance	75	70
Telephone & Telex	114	142
Printing and Stationery	599	426
Travelling and Conveyance	88	12
Subscription	11	8
Entertainment	92	96
Vehicle running expenses	335	326
Repairs and Maintenance	249	157
Computer service charges	447	357
Advertisement and Publicity	--	4
Donation	61	62
Auditors' remuneration	7	7
Legal and Professional charges	39	57
Depreciation	276	292
Other expenses	13	98
Lease rentals	--	230
	-----	-----
	10,466	9,892
	=====	=====

12. OTHER INCOME

Loss on sale of Fixed Assets	(1)	(4)
Interest Income	972	224
	-----	-----
	971	220
	=====	=====

13. FINANCIAL EXPENSES

Bank Charges and commission	1	3
	=====	=====

14. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Services provided	2,784	3,040
	=====	=====

15. NO. OF EMPLOYEES

	37	38
	=====	=====

16. GENERAL

i) Figures have been rounded off to the nearest thousand of rupee.

ii) Previous year's figures have been re-grouped and are re-arranged wherever necessary for the purpose of comparison.

AUDITORS' REPORT TO THE MEMBERS

We have examined the annexed consolidated financial statements comprising consolidated Balance Sheet of Pakistan Papersack Corporation Limited (the holding company) and its subsidiary company Noble Computer Services (Private) Limited as at June 30, 2001 and the related consolidated Profit and Loss Account, Statement of Changes in Equity and the consolidated Cash Flow Statement together with the notes forming part thereof for the year then ended. We have also expressed separate opinions on the financial statement of Pakistan Papersack Corporation Limited and Noble Computer Services (Private) Limited. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our examination.

Our examination as made in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the consolidated financial statements examined by us present fairly the financial position of Pakistan Papersack Corporation Limited and its subsidiary company Noble Computer Services (Private) Limited as at June 30, 2001 and the results of their operations, changes in equity and cash flows for the year then ended.

Karachi: October 11, 2001.

HYDER BHIMJI & CO.
Chartered Accountants.

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2001

	<i>Note</i>	<i>2001</i> <i>Rs. '000</i>	<i>2000</i> <i>Rs. '000</i>
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital:			
20,000,000 Ordinary Shares of Rs. 5/- each		100,000	100,000
		=====	=====
ATTRIBUTABLE TO PARENT			
Issued, Subscribed & Paid-up Capital	4	68,993	68,993
General Reserve- Revenue	5	243,372	233,872
Un-appropriated Profit		5,540	4,704
		-----	-----
		317,905	307,569

MINORITY INTEREST	6	12	11
LONG TERM FINANCE	7	2,406	--
DEFERRED LIABILITY - TAXATION		6,400	6,500
CURRENT LIABILITIES			
Short Term and Running Finance utilised under Mark-up arrangements	8	89,348	114,041
Current portion of Long Term Finance	9	875	--
Creditors, Accrued and other Liabilities	10	78,309	74,652
Proposed Dividend		10,349	17,248
		-----	-----
		178,881	205,941
CONTINGENCIES & COMMITMENTS	11	-----	-----
		505,604	520,021
		=====	=====

The annexed notes form an integral part of these accounts.

Karachi: October 11, 2001.

PROPERTY AND ASSETS

TANGIBLE FIXED ASSETS

Operating Assets	12	55,193	56,962
Capital Work in progress - Plant & Machinery		977	--

LONG TERM INVESTMENTS	13	56,170	56,962
		39,987	62,906

LONG TERM DEPOSITS		1,656	1,987
---------------------------	--	-------	-------

CURRENT ASSETS

Stores & Spares	14	13,899	13,267
Stock-in-Trade	15	165,882	210,481
Trade Debts	16	109,527	100,013
Loans & Advances	17	34,616	48,385
Deposits & Prepayments	18	2,930	2,561
Other Receivables	19	36,393	11,067
Short Term Investment	20	33,999	3,000
Cash & Bank Balances	21	10,545	9,392
		-----	-----
		407,791	398,166
		-----	-----
		505,604	520,021
		=====	=====

RAFIQ M. HABIB
Chairman

KERSI D. KAPADIA
Director

S.Z. KAZMI
Chief Executive

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2001

<i>Note</i>	<i>2001</i>	<i>2000</i>
	<i>Rs. '000</i>	<i>Rs. '000</i>

Sales	23	742,313	709,530
Cost of Sales	24	637,789	578,003
		-----	-----
Gross Profit		104,524	131,527
Administrative Expenses	25	48,793	48,637
Selling & Distribution Expenses	26	22,415	20,449
		-----	-----
		71,208	69,086
		-----	-----
Operating Profit		33,316	62,441
Trading profit/(Loss)	27	4	(1,891)
Other Income	28	15,580	23,156
		-----	-----
		48,900	83,706
		-----	-----
Financial Expenses	29	20,620	23,217
Other Charges	30	1,688	3,875
		-----	-----
		22,308	27,092
		-----	-----
Profit before Taxation		26,592	56,614
Provision for Taxation			
- Current		50,841	17,570
- Prior Years		922	(250)
- Deferred		(100)	(600)
		-----	-----
		5,906	16,720
		-----	-----
Profit after Taxation		20,686	39,894
Un-appropriated Profit brought forward		4,711	5,065
		-----	-----
Available for appropriation		25,397	44,959
APPROPRIATIONS			
Proposed Dividend		10,349	17,248
Transferred to General Reserve		9,500	23,000
		-----	-----
		19,849	40,248
		-----	-----
Un-appropriated Profit carried forward		5,548	4,711
		=====	=====
Attributable to Parent		5,540	4,704
Attributable to Minority Interest		8	7
		=====	=====
Earning per Share	31	1.50	2.89
		=====	=====

The annexed notes form an integral part of these accounts.

RAFIQ M. HABIB
Chairman

KERSI D. KAPADIA
Director

S.Z. KAZMI
Chief Executive

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(CASH FLOW STATEMENT) FOR THE YEAR ENDED JUNE 30, 2001

	<i>2001</i> <i>Rs. '000</i>	<i>2000</i> <i>Rs. '000</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Taxation	26,592	56,614
Adjustments for:		
Depreciation	8,662	8,517
Gratuity	--	35
Investment Income	(15,096)	(23,016)
Interest expenses	20,620	23,214
Profit on sale of Fixed Assets and Investment	(441)	(839)
	-----	-----
	13,745	7,911
	-----	-----
Operating Profit before working capital changes	40,337	64,53
	-----	-----
Change in Working Capital		
(Increase)/decrease in current assets		
Stores and spares	(632)	(1,689)
Stock-in-trade	44,599	38,192
Trade Debts	(9,514)	17,360
Loans and advances	5,075	2,030
Deposits and Prepayments	(369)	353
Other Receivables	(5,289)	(5,069)
	-----	-----
	33,870	51,177
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities excluding dividend, mark-up & interest	6,060	(38,450)
Short term Running finance	(24,693)	(64,745)
	-----	-----
	(18,633)	(103,195)
	-----	-----
	15,237	(52,018)
	-----	-----
Cash generated from operations	55,574	12,51
Mark-up / interest paid	(23,014)	(25,492)
Income Tax refund received	558	5,044
Income Tax paid	(17,723)	(22,791)
	-----	-----
	(40,179)	(43,239)
	-----	-----
Net cash generated from operations	15,395	(30,732)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(8,213)	(5,821)
Investment income	14,912	22,816
Sale proceeds of fixed assets	784	3,628
Capital gain on investment	(5,080)	39,037
Net cash used in Investing activities	2,403	59,660
	-----	-----
	17,798	28,928

CASH FLOW FROM FINANCING ACTIVITIES

Long term finance obtained	3,500	--
Repayment of Long term finance	(219)	--
Dividend paid	(17,257)	(23,781)
Long term loans and deposits	331	(60)
	-----	-----
Net cash used in Financing activities	(13,645)	(23,841)
	-----	-----
Net increase in cash and cash equivalents	4,153	5,087
Cash and cash equivalents at the beginning	12,392	7,305
	-----	-----
Cash and cash equivalents at the end of the year	16,545	12,392
	=====	=====

RAFIQ M. HABIB
Chairman

KERSI D. KAPADIA
Director

S.Z. KAZMI
Chief Executive

STATEMENT OF CHANGES IN EQUITY

	<i>Share Capital Rs. '000</i>	<i>General Reserve Rs. '000</i>	<i>Un-appro- priated Profit Rs. '000</i>	<i>Total Rs. '000</i>
Balance as on July 01, 1999	68,994	210,875	5,065	284,934
Net Profit for the year	--	--	39,894	39,894
Proposed Dividend	--	--	(17,248)	(17,248)
Transfer to General Reserve	--	23,000	(23,000)	--
	-----	-----	-----	-----
Balance as on June 30, 2000	68,994	233,875	4,711	307,580
Net Profit for the year	--	--	20,686	20,686
Proposed Dividend	--	--	(10,349)	(10,349)
Transfer to General Reserve	--	9,500	(9,500)	--
	-----	-----	-----	-----
Balance as on June 30, 2001	68,994	243,375	5,548	317,917
	=====	=====	=====	=====

RAFIQ M. HABIB
Chairman

KERSI D. KAPADIA
Director

S.Z. KAZMI
Chief Executive

Karachi: October 11,2001

Notes to the Consolidated Accounts for the year ended June 30, 2001**1. THE GROUP AND ITS OPERATIONS**

The Group consists of:

Pakistan Papersack Corporation Limited and
Noble Computer Services (Private) Limited.

Noble Computer Services (Private) Ltd. is a subsidiary company of Papersack Corporation Ltd. Pakistan Papersack Corporation Limited holds 99.85% shares of Noble Computer Services (Private) Ltd.

Pakistan Papersack Corporation Limited is engaged in the manufacture of Papersacks, Formite Sheets and Laminates.

Noble Computer Services (Private) Ltd. is engaged in rendering computer services.

2. BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Papersack Corporation Ltd. & Noble Computer Services (Private) Limited. The financial statements of the subsidiary company have been consolidated on a line by line basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These accounts have been prepared under the historical cost convention.

3.2 Staff retirement benefits

The group companies operate separate provident fund schemes for their employees who are eligible under the scheme. The payments are made to the trusts in accordance with the provision of the companies Ordinance 1984. Unfunded defined benefit plan previously applicable to the eligible employees of the parent company has been discontinued effective this year.

3.3 Taxation

The charge for current taxation is based on Taxable Income at the current rates of taxation after considering admissible tax credits and rebates if any.

Deferred tax liability arising on all material timing differences using the liability methods.

3.4 Tangible fixed assets

These are stated at cost less accumulated depreciation except freehold land and capital work-in-progress which are stated at cost. Depreciation is provided on reducing balance method at the rate specified in respective assets schedules of the Group Companies.

Full depreciation is charged on addition during the year and no depreciation is charged to Fixed Assets disposed of during the year.

Major renewals and improvements are capitalized and assets so replaced, if any, are retired. Profit or loss on disposal of Fixed Assets is included in income currently.

3.5 Investment

Long-term investment in share of subsidiary company and associated undertakings are stated at cost less amount written off in respect of any diminution due to permanent impairment in value of the investment.

3.6 Stores, Spares and Stock-in-Trade

These are valued as follows:-

Stores and Spares	- At average cost and or on FIFO basis.
Raw Material - in Stock	- At average cost.
- in Transit	- At actuals.
Finished Goods	- At lower of average cost or Net realizable value.
Work-in-Process	- At average cost of Raw Material.
Stock out of Inter-Division	- At selling price less normal Gross Profit.

3.7 Trade Debts

Debts considered irrecoverable if any, are written off and provision is made for debts considered doubtful.

3.8 Revenue Recognition

Sales are recorded on despatch of goods to customers, Income on investment is recorded when the right to receive the same is established.

3.9 Accounting for leases

Lease rentals of assets acquired method operating lease are charged to Profit.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

<i>2000</i>	<i>2001</i>		<i>2001</i> <i>Rs. '000</i>	<i>2000</i> <i>Rs. '000</i>
1,240,000	1,240,000	Ordinary shares of Rs. 5/- each full paid-up issued for cash	6,200	6,200
650,000	650,000	Ordinary shares of Rs. 5/- each full paid-up issued for consideration other than cash	3,250	3,250
11,908,512	11,908,512	Ordinary shares of Rs. 5/- each issued as fully paid Bonus Shares	59,543	59,543
----- 13,798,512 =====	----- 13,798,512 =====		----- 68,993 =====	----- 68,993 =====

5. GENERAL RESERVE - REVENUE

As on July 01	233,872	210,872
Transferred from Profit and Loss Account	9,500	23,000
	----- 243,372 =====	----- 233,872 =====

6. MINORITY INTEREST

Share Capital	1	1
General Reserve - Revenue	3	3
Unappropriated Profit	8	7
	----- 12 =====	----- 11 =====

7. LONG TERM FINANCE

From Habib Bank Ltd.	3,281	--
Less: Current portion shown under current Liabilities (Note No. 9)	875	--
	----- 2,406 =====	----- -- =====

This Finance has been utilised by Balochistan Laminates Division of the Company and carries mark-up rate of 16% per annum, chargeable quarterly. The Finance is secured by an equitable mortgage of Resin Plant of the Division.

The Finance is payable in 16 quarterly installments of Rs. 0.219 million each, commencing from June 2001.

8. SHORT TERM & RUNNING FINANCE UTILISED**UNDER MARK-UP ARRANGEMENTS - secured**

Running Finance	83,467	92,161
Short Term Finance	--	19,280
Export refinance	5,881	2,600
	----- 89,348 =====	----- 114,041 =====

Aggregate facility available to the Company is Rs. 271 million (2000 - Rs. 271 million)

Mark-up rate charged on short term and running finance by Scheduled Banks on quarterly basis varies between 36 paise

and 48 paisa (2000 - 30 paisa and 47 paisa) per thousand rupees on daily product basis.

Mark-up on export refinance is 29 paisa (2000 - 22 paisa) per thousand rupee on daily product basis.

The purchase price is payable to different banks on different dates and the last being February 28, 2002.

The arrangements are secured by pledge of Special US\$ Bonds and imported raw material and hypothecation of stores & spares, finished stocks and accounts receivables.

9. CURRENT PORTION OF LONG TERM FINANCE

Habib Bank Limited (Note No. 7)	875	--
	=====	=====

10. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors - Associated Undertakings	16,397	11,435
Other Creditors	27,488	15,793
Custom duty payable	20,373	26,623
Accrued Expenses	8,038	10,561
Workers' Profit Participation Fund (10.1)	1,364	2,96
Workers' Welfare Fund	339	913
Unclaimed Dividend	1,708	1,717
Mark-up accrued on Running and Short Term Finance	1,626	4,020
Advance from customers	235	--
Others	741	628
	-----	-----
	78,309	74,652
	=====	=====

10.1 Workers' Profit Participation Fund:

Balance at July 1	2,962	3,847
Allocation for the period - (Note No. 30)	1,349	2,962
	-----	-----
	4,311	6,809
Interest on Fund utilised in Co's. business	15	16
	-----	-----
	4,326	6,825
	654	709
Deposited with the Government	2,308	3,154
	-----	-----
	2,962	3,863
	-----	-----
Balance at June 30	1,364	2,962
	=====	=====

11. CONTINGENCIES & COMMITMENTS

11.1 While finalising the assessments for the assessment years 1991-92 & 1992-93, the Income Tax Authorities cancelled tax holiday period available to the Stepped-end Division of the Company which resulted in tax liability of Rs. 25.473 million. Both the Commissioner of Income Tax (Appeals) and the Income Tax Appellate Tribunal have decided the case in favour of the Company. The case is now pending with the learned High Court of Sindh. As the Management is confident that the matter will be decided in favour of the Company therefore, no provision has been made in these accounts.

11.2 The Board of Revenue, Sindh had claimed Rs. 1.245 million against payment of stamp duty on agreements made by the Company with the various cement companies. Since the matter is pending with the High Court of Sindh and as the Management is confident that the matter will be decided in favour of the Company, therefore no provision has been made in these accounts.

11.3 Commitments for Bank Guarantees issued against the performance of Sales Agreements with various Cement Companies and to the Collector of Customs amounted to Rs. 1.639 million (2000 - Rs. 11.701 million).

11.4 Commitments for rentals under operating lease agreements in respect of vehicles/Machinery amounted to Rs. 1.964 million (2000 - Rs. 0.847 million). These are payable as follows:

2001 - 2002	627
2002 - 2003	627
2003 - 2004	510
2004 - 2005	200

	1,964
	=====

12. TANGIBLE FIXED ASSETS - OPERATING

PARTICULARS	COST				R A T E %	DEPRECIATION			(Rupees in '000)	
	As on 1.7.2000	Additions	Disposals	Total as on 30.6.2001		Upto 1.7.2000	On Disposals	For the year	Total as on 30.6.2001	Book value as on 30.6.2001
Freehold Land	1,296	--	--	1,296	--	--	--	--	--	1,296
Factory Building	30,986	--	--	30,986	10	24,359	--	663	25,022	5,964
Plant and Machinery	106,447	3,548	--	109,995	10	75,912	--	3,953	79,865	30,130
Office and Factory Equipments	11,719	101	74	11,746	10	6,865	50	503	7,318	4,428
Office Equipments- PABX	--	36	--	36	33	--	--	12	12	24
Refrigeration & A.C. Equipments	173	--	33	140	20	77	4	13	86	54
Computers	4,326	618	35	4,909	30	2,127	10	837	2,954	1,955
Furniture and Fixtures	4,272	40	57	4,255	10	2,794	42	177	2,929	1,326
Motor Vehicles	26,162	2,893	792	28,263	20	16,285	542	2,504	18,247	10,016
	-----	-----	-----	-----		-----	-----	-----	-----	-----
2001	185,381	7,236	991	191,626		128,419	648	8,662	136,433	55,193
	=====	=====	=====	=====		=====	=====	=====	=====	=====
2000	181,779	10.30	6,693	185,381		123,299	3,397	8,517	128,419	56,962
	=====	=====	=====	=====		=====	=====	=====	=====	=====

Plant and Machinery includes Press Plates on which depreciation has been charged @ 30%.

Depreciation charge has been allocated to:

	2001 Rs. '000	2000 Rs. '000
Manufacturing	7,347	7,235
Administration	1,315	1,282
	-----	-----
	8,662	8,517
	=====	=====

12.1 DETAILS OF FIXED ASSETS DISPOSED OF

(Rupees in '000)

Accumulated	Sales	Profit/	Mode
-------------	-------	---------	------

<i>Particulars</i>	<i>Cost</i>	<i>Depreciation</i>	<i>W.D.V.</i>	<i>Proceeds</i>	<i>(Loss)</i>	<i>of Sale</i>	<i>Sold to</i>
Toyota Corolla	252	215	37	213	176	Negotiation	Mr. Javed Iqbal, Chak No. 105, Tehsil Vehari, District Multan.
Margala	372	181	191	210	19	Company Scheme	Mr. Jaffer Sharif, Ex-Employee, 95/1, Saba Avenue, Defence Phase V Extension, Karachi.
Toyota Corolla	39	33	6	31	25	Company Scheme	Mr. Khurshed Akbar, Ex-Employee, 450/8, Azizabad, E B. Area, Karachi.
Suzuki Khyber	22	19	3	120	117	Tender	Mr. Mudasir Younus Ali, House No. F-1, Maisam Luxury Apt., 213, Amir Colony, Karachi.
Sabaru	27	22	5	125	120	Negotiation	Mrs. Hamida Begum, House No. 120, Hasan Pirwana Colony, Multan.
Toyota Corolla	80	72	8	10	2	Negotiation	Mr. Salar Hussain, Company Employee.
Computer	28	7	21	12	(9)	Negotiation	Mr. Jaffer Sharif, Ex-Employee, 95/1, Saba Avenue, Defence Phase V Extension, Karachi.
Printer	5	2	3	1	(2)	Negotiation	Mr. Sajjad Hussain, Company Employee.
Air-Conditioners	22	8	14	8	(6)	Negotiation	Bilal Electronics, 2/1310, Shah Faisal Colony, Karachi.
EDP Equipments	2	1	1	1	--	Negotiation	M/s. Crescent Computers, Soldier Bazar, Karachi.
Furniture & Fixtu	57	42	15	23	8	Negotiation	Various
Office Equipment	52	42	10	4	(6)	Negotiation	M/s. Khan Business Products Hafeez Centre, A-34, KCHS.
Air-Conditioners	10	1	9	6	(3)	Negotiation	Dr. Ziauddin Zia, Habib Bank A.G. Zurich, I.I. Chundrigar Road, Karachi.
Air-Conditioners	12	2	10	10	--	Negotiation	Bengal Engineering, Gulshan-e-Iqbal, Karachi.
Air-Conditioners	11	1	10	10	--	Negotiation	Habib Bank A.G. Zurich,

2001	991	648	343	784	441
2000	6,693	3,397	3,296	3,628	332

2001
Rs. '000

2000
Rs. '000

13. LONG TERM INVESTMENTS**13.1 In fully paid Ordinary Shares of Associated Undertakings:**

<i>2000</i>	<i>2001</i>				
391,262	449,951	Shares of Shabbir Tiles and Cerami Ltd., of Rs. 5/- each	1,045	1,045	
314,226	408,493	Shares of Dynea Pakistan Ltd., of Rs. 5/- each	900	900	
1,013,000	1,013,000	Shares of Agriauto Industries Ltd., of Rs. 5/- each	5,442	5,442	
3,260,000	3,260,000	Shares of Indus Motor Company L of Rs. 10/- each	32,600	32,600	
		Aggregate Market value as on Jun Rs. 49.487 million (2000 - Rs. 51.154 million)	39,987	39,957	

13.2 Investment in Special US \$ Bearer Bonds

(Under lien with Habib Bank AG Zurich)

The investment carries an interest rate of LIBOR + 2% receivable bi-annually. The bonds are maturing in November 2001 and have been translated at the prevailing rate of Rs. 63.88/US Dollar (2000 - Rs. 52.29/US Dollar)

	27,999	22,919
	67,986	62,906
Less: shown under current assets (Note No. 20)	27,999	--
	39,987	62,906

14. STORES & SPARES

Stores	2,544	2,656
Spares	11,355	10,611
	13,899	13,267

15. STOCK-IN-TRADE

Raw Material - in Stock	133,828	169,489
- in Transit	--	15,618
Finished Goods	32,002	25,291
Trading Stock	52	83

	----- 165,882 =====	----- 210,481 =====
16. TRADE DEBTS - Unsecured		
Considered good - Associated undertakings	152	283
Others	109,375	99,730
	----- 109,527	----- 100,013
Considered doubtful	5,601	5,601
	----- 115,128	----- 105,614
Less: Provision for doubtful debts	5,601	5,601
	----- 109,527 =====	----- 100,013 =====

Maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs. 0.552 million (2000 - Rs. 0.252 million).

17. LOANS AND ADVANCES - Unsecured-considered good

Advances:		
Against expenses	44	51
To Suppliers/contractors	1,664	4,168
To Employees	819	244
Income Tax	29,013	37,707
Sales Tax	2,889	5,760
Excise Duty	--	187
Others	187	268
	----- 34,616	----- 48,385
	=====	=====

18. DEPOSITS & PREPAYMENTS

Security Deposits	2,050	1,090
Prepayments	880	1,471
	----- 2,930	----- 2,561
	=====	=====

19. OTHER RECEIVABLES

Octroi refundable	225	3,047
Sales Tax/Excise duty refundable	--	4,191
Export rebate/duty draw back	12,853	2,073
Interest receivable	386	202
Income Tax refundable	20,411	558
2% PSI Charges refundable	1,019	--
Other receivables	1,499	996
	----- 36,393	----- 11,067
	=====	=====

20. SHORT TERM INVESTMENT

In Fixed Deposits - Habib Modaraba (rate of interest 12.25% p.a. maturing in December 2001)	6,000	--
In Fixed Deposits-First International Investment Bank	--	3000
Current portion of long term investment (Note No. 13)	27,999	--
	----- 33,999	----- 3,000
	=====	=====

21. CASH AND BANK BALANCES

Cash in Hand	293	63
With Banks - in Current Accounts:	4,390	6,529
- US Dollar account - 150 US\$ translated into Pak Rupee @ Rs. 66.55/Dollar (2000 - US 150 @ Rs. 51.90/Dollar)	10	7
- Deposit Accounts:		
Dollar Account - 87,931 US\$ translated into Pak Rupee @ Rs. 66.55/Dollar (2000 - 53,740 Dollar @ Rs. 51.90/Dollar)	5,852	2,789
DM Account - 158 translated into Pak Rupee @ Rs. 26.90/DM	--	4
	-----	-----
	10,545	9,392
	=====	=====

22. OPERATING RESULTS

Net Sales (Note 23)	742,313	709,530
Cost of Goods sold (Note 24)	637,789	578,003
	-----	-----
Gross Profit/(Loss) on manufacturing	104,524	131,527
	-----	-----
Administrative expenses (Note 25)	48,793	48,637
Selling & Distribution expenses (Note 26)	22,415	20,449
	-----	-----
	71,208	69,086
	-----	-----
Operating Profit	33,316	62,441
	=====	=====

23. SALES

Local	657,619	672,302
Export	84,725	37,267
	-----	-----
	742,344	709,589
Commission to selling agents	31	39
	-----	-----
Net Sales	742,313	709,530
	=====	=====

Inter company sales amounting to Rs. 0.302 million (2000 Rs. 0.281 million) are not included in total.

24. COST OF GOODS SOLD

Raw material consumed (24.1)	592,079	525,565
Duty Draw back	(14,822)	(5,440)
Manufacturing expenses (24.2)	67,243	65,184
	-----	-----
Cost of Manufacturing	644,500	585,309
Finished Goods - Opening	25,291	17,985
Finished Goods - Closing	(32,002)	(25,291)
	-----	-----
	(6,711)	(7,306)
	-----	-----
	637,789	578,003
	=====	=====

24.1 RAW MATERIAL CONSUMED

Opening Stock	169,489	186,114
Purchases	556,418	508,940
	-----	-----
Total available	725,907	695,054
Closing Stock	(133,828)	(169,489)
	-----	-----
	592,079	525,565
	=====	=====

24.2 MANUFACTURING EXPENSES

Salaries, Wages and other benefits	25,549	24,269
Electricity, gas and water	17,342	16,706
Rent, Rates and Taxes	194	229
Insurance	1,216	1,877
Telephone and Telex	414	471
Postage and Telegram	31	18
Printing and Stationery	372	428
Travelling and Conveyance	383	299
Subscription	30	14
Entertainment	80	72
Research and Development	247	21
Handling, Storage and Transportation	89	212
Vehicle running expenses	980	834
Repairs and Maintenance	4,459	3,294
Stores and Spares consumed	5,624	6,937
Legal and Professional charges	281	242
Contract baling and other manufacturing expenses	2,392	2,026
Depreciation	7,347	7,235
Lease Rentals	213	--
	-----	-----
	67,243	65,184
	=====	=====

Salaries and benefits includes Rs. 0.801 million (2000 - Rs. 1.66 million) in respect of staff retirement benefits.

25. ADMINISTRATIVE EXPENSES

Salaries, Wages and other benefits	24,468	25,298
Electricity, gas and water	4,112	3,084
Rent, Rates and Taxes	2,247	2,280
Insurance	1,301	1,387
Telephone and Telex	2,187	2,314
Postage and Telegram	196	134
Printing and Stationery	1,316	1,070
Travelling and Conveyance	3,029	3,827
Subscription	471	524
Entertainment	590	732
Vehicle running expenses	3,198	2,837
Repairs and Maintenance	991	1,125
Computer service charges	682	498
Advertisement and Publicity	126	159
Donation (25.1)	282	418
Auditors' Remuneration (25.2)	106	94
Legal and Professional charges	1,755	1,489
Depreciation	1,315	1,282
Other expenses	13	98

Vehicle lease rentals	403	697
Directors' Fee	5	4
Diminution in investment value written back	--	(714)
	-----	-----
	48,793	48,637
	=====	=====

Computer service charges amounting to Rs. 0.302 million (2000 - Rs. 0.281 million) paid by the Parent to its subsidiary have been eliminated from total.

Salaries and benefits includes Rs. 1.042 million (2000 - Rs. 2.288 million) in respect of staff retirement benefits.

25.1 Donation

An amount of Rs. 0.230 million (2000 - Rs. 0.215 million) has been donated to M/s. Mohammedali Habib Welfare Trust in which two of the Parent Company Directors are trustees. None of the Directors or their spouse have any interest in other donees.

25.2 AUDITORS' REMUNERATION

Audit fee	87	77
Out of pocket expenses	19	17
	-----	-----
	106	94
	=====	=====

26. SELLING AND DISTRIBUTION EXPENSES

Salaries, Wages and other benefits	7,098	7,032
Electricity, Gas and Water	156	241
Rent, Rates and Taxes	119	287
Insurance	127	167
Telephone & Telex	767	806
Postage & Telegram	111	178
Printing and Stationery	110	458
Travelling and Conveyance	1,519	666
Subscription	19	107
Entertainment	129	45
Cartage	9,724	7,976
Vehicle running expenses	733	984
Repairs and Maintenance	103	113
Legal and Professional charges	285	45
Advertisement and Publicity	1,235	1,058
Sales promotion expenses	132	125
Tender expenses	16	1
Lease Rentals	32	160
	-----	-----
	22,415	20,449
	=====	=====

Salaries and benefits includes Rs. 0.308 million (2000 - Rs. 1.34 million) in respect of staff retirement benefits.

27. TRADING PROFIT/(LOSS)

Sales	35	13,393
Cost of Sales		
Opening Stock	83	11,948
Add: Purchases	--	2,375
	-----	-----
Total Available	83	14,323
Less: Closing Stock	52	83

	31	14,240
Gross Profit (Loss)	4	(847)
Administrative & Selling Expenses	--	1,044
Net Profit/(Loss)	4	(1,891)

28. OTHER INCOME

Dividend Income (28.1)	5,789	7,441
Sale of scrap and waste	43	15
Profit on sale of fixed assets	441	332
Interest Income	1,184	227
Income on Dollar Bearer bonds	8,123	5,716
Income on Foreign Currency Account	--	43
Income on Fudiciary deposits	--	9,589
Income on sale of investment	--	(207)
	15,580	23,156

28.1 DIVIDEND INCOME

From Associated Undertakings:		
Indus Motor Company Ltd.	4,890	6,520
Shabbir Tiles & Ceramics Limited	538	489
Dynea Pakistan Limited	361	432
	5,789	7,441

29. FINANCIAL EXPENSES

Interest on Long Term Loan	291	--
Mark-up on Short Term, T.R. & running Finance	19,056	21,845
Bank Charges and Commission	1,258	1,356
Interest on Workers' Profit Participation Fund	15	16
	20,620	23,217

30. OTHER CHARGES

Workers' Profit Participation Fund	1,349	2,962
Workers' Welfare Fund	339	913
	1,688	3,875

31. EARNING PER SHARE

Profit after tax	20,686	39,894
Average number of shares in issue during the year	13,799	13,799
Earning per Share	1.50	2.89

32. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the accounts for the year for fees and remuneration including certain benefits to the Directors, Chief Executive and other Executives of the Company were as follows:

	2001			2000		
	Directors	Chief Executive	Executives	Directors	Chief Executive	Executives
No. of persons	5	1	55	5	1	54
Directors Fee	5	--	--	4	--	--
Remuneration	--	600	13,630	--	600	12,286
Bonus	--	--	1,536	--	362	1,209
Housing & Utilities	--	218	4,347	--	50	3,938
Retirement benefits	--	50	1,085	--	41	934
Medical expenses	--	41	818	--	--	690
Other Benefits	--	133	2,159	--	--	2,522
Rs. '000s	5	1,042	23,575	4	1,053	21,579

Two of the Directors, the Chief Executive and the Executives entitled as per company rules are provided with the free use of Company's maintained car. The monetary impact of vehicle running expenses is not easily determinable.

	2001 Rs. '000	2000 Rs. '000
33. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS		
Services rendered by associated undertakings	1,420	889
Goods purchased	44,549	39,644
Vehicles purchased	399	--
Dividend received	5,789	7,441
Goods sold	907	628
Computer services provided	2,784	3,040

34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

34.1 Financial Assets and Liabilities

	Interest/Mark-up bearing			Non Interest/Mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
<i>(Rupees in '000)</i>							
Financial Assets							
Investments	33,999	--	33,999	--	39,987	39,987	73,986
Trade Debts	--	--	--	109,527	--	109,527	109,527
Other receivables	--	--	--	36,393	--	36,393	36,393
Cash and Bank Balances	5,852	--	5,852	4,693	--	4,693	10,545
	39,851	--	39,851	150,613	39,987	190,600	230,451
Financial Liabilities							
Long Term Finance	875	2,406	3,281	--	--	--	3,281
Secured short term and running fin	89,348	--	89,348	--	--	--	89,348
Creditors accrued and other liabilities	--	--	--	78,309	--	78,309	78,309
Proposed Dividend	--	--	--	10,349	--	10,349	10,349
	90,223	2,406	92,629	88,658	--	88,658	181,287

34.2 Risk Management

Effective interest rate

Effective interest rates for monetary financial liabilities have been provided in respective notes of such liabilities.

Concentration of Credit Risk

The company does not believe that it is exposed to major concentration of credit risk because credit worthiness of the customer is considered while sales are made on credit however, provision for doubtful debts is also made where it is considered necessary.

Fair Value of Financial Instruments

The management is of the view that carrying values of financial assets and liabilities approximate their fair value. Diversion, if any, between these values is also stated under respective notes of the financial assets.

	<i>2001</i>	<i>2000</i>
35. NO. OF EMPLOYEES	318	324
	=====	=====

36. CORRESPONDING FIGURES

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