

PACKAGES LIMITED

BALANCE SHEET AS AT DECEMBER 31, 2001

	2001	2000		2001	2000
	(Rupees in thousand)			(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			FIXED CAPITAL EXPENDITURE		
Authorised capital 60,000,000 (2000: 60,000,000) ordinary shares of Rs 10 each	600,000	600,000	Operating fixed assets	13	2,494,704
Issued, subscribed and paid up capital 47,537,080 (2000: 45,273,410) ordinary shares of Rs 10 each	3	475,371	Assets subject to finance lease	14	148,500
Reserves	4	2,020,625	Capital work-in-progress	15	445,143
Unappropriated profit		602			3,088,347
		2,496,598			2,869,418
NON PARTICIPATORY REDEEMABLE CAPITAL - SECURED	5	150,000	LONG-TERM INVESTMENTS	16	515,530
NON PARTICIPATORY REDEEMABLE CAPITAL - UNSECURED	6	850,000	LONG-TERM LOANS, DEPOSITS AND OTHER RECEIVABLES	17	4,293
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	7	70,400	RETIREMENT AND OTHER BENEFITS	18	16,619
LONG TERM LOANS AND OTHER PAYABLES - SECURED	8	10,238	CURRENT ASSETS		
DEFERRED LIABILITIES	9	534,265	Stores and spares	19	263,244
CURRENT LIABILITIES			Stock-in-trade	20	761,796
Current portion of			Trade debts	21	596,026
- Redeemable capital	5	100,000	Loans, advances, deposits, prepayments and other receivables	22	350,951
- Liabilities against assets subject to finance lease	7	35,200	Cash and bank balances	23	558,181
- Long term loans and other payables	8	541,321			2,530,198
Finances under mark up arrangements - secured	10	557,146			277,781
Creditors, accrued and other liabilities	11	595,902			629,719
Proposed dividend		213,917			463,807
		2,043,486			332,944
CONTINGENCIES AND COMMITMENTS	12	2,186,532			512,679
					2,216,930
					6,154,987
					5,911,580
					6,154,987
					5,911,580

The annexed notes form an integral part of these accounts.

Chief Executive

Director

PACKAGES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2001

	Note	Year to December 31, 2001	Six months to December 31, 2000
		(Rupees in thousand)	
Local sales		5,128,875	2,231,625
Export sales		28,941	6,408
		<u>5,157,816</u>	<u>2,238,033</u>
Less: Sales tax and excise duty		712,120	307,612
Commission		5,231	1,627
		<u>717,351</u>	<u>309,239</u>
Less: Cost of goods sold	24	<u>4,440,465</u>	<u>1,928,794</u>
		<u>3,549,082</u>	<u>1,574,518</u>
Gross profit		891,383	354,276
Selling, administration and general expenses	25	<u>417,356</u>	<u>168,688</u>
Operating profit		474,027	185,588
Other income	26	406,243	196,404
		<u>880,270</u>	<u>381,992</u>
Financial charges	27	267,049	123,551
Other charges	28	98,780	16,514
		<u>365,829</u>	<u>140,065</u>
Profit before taxation		514,441	241,927
Provision for taxation	29	89,562	48,686
Profit after taxation		<u>424,879</u>	<u>193,241</u>
Unappropriated profit brought forward		640	583
Available for appropriation		425,519	193,824
Appropriations:			
- Transferred to general reserve		211,000	80,000
- Transferred to reserve for issue of bonus shares		-	22,637
- Proposed dividend - Rs 4.5 per share (2000: Rs 2 per share)		213,917	90,547
		<u>424,917</u>	<u>193,184</u>
Unappropriated profit carried forward		<u>602</u>	<u>640</u>
Earnings per share	38	<u>8.94</u>	<u>4.07</u>

The annexed notes form an integral part of these accounts.

Chief Executive

Director

PACKAGES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2001

	Note	Year to December 31, 2001	Six months to December 31, 2000
(Rupees in thousand)			
Cash flow from operating activities			
Cash generated from operations	36	763,052	330,846
Financial charges paid		(291,973)	(119,380)
Vacation pay paid		(2,601)	(972)
Taxes paid		(153,071)	(54,422)
Net cash inflow from operating activities		315,407	156,072
Cash flow from investing activities			
Fixed capital expenditure		(611,711)	(220,659)
Net decrease in long-term loans, deposits and other receivables		345,101	124,664
Sale proceeds of fixed assets		7,267	4,663
Dividend received		307,027	143,104
(Increase) in long term investments		(102,285)	-
Net cash (outflow)/inflow from investing activities		(54,601)	51,772
Cash flow from financing activities			
Proceeds from redeemable capital, long term loan, finance lease and other payables		865,516	78,636
Repayment of redeemable capital, long term loans and other payables		(720,927)	(384,581)
Payment of finance lease liabilities		(35,200)	(17,600)
Dividend paid		(95,757)	(166,743)
Net cash inflow/(outflow) from financing activities		13,632	(490,288)
Net increase/(decrease) in cash and cash equivalents		274,438	(282,444)
Cash and cash equivalents at the beginning of the year		(273,403)	9,041
Cash and cash equivalents at the end of the year	37	1,035	(273,403)

The annexed notes form an integral part of these accounts.

Chief Executive

Director

PACKAGES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2001

Rupees in thousand

	Share capital	Share premium	Reserve for issue of bonus shares	General reserve	Unappropriated profit	Total
Balance as on June 30, 2000	411,577	203,589	41,157	1,526,036	583	2,182,942
4,115,764 ordinary shares of Rs 10 each issued as fully paid bonus shares	41,157	-	-	-	-	41,157
Nominal value of bonus shares issued	-	-	(41,157)	-	-	(41,157)
Net profit for the period	-	-	-	-	193,241	193,241
Transferred from profit and loss account	-	-	-	80,000	(80,000)	-
Transferred to reserve for issue of bonus shares	-	-	22,637	-	(22,637)	-
Dividend - final Rs 2 per share	-	-	-	-	(90,547)	(90,547)
Balance as on December 31, 2000	452,734	203,589	22,637	1,606,036	640	2,285,636
2,263,670 ordinary shares of Rs 10 each issued as fully paid bonus shares	22,637	-	-	-	-	22,637
Nominal value of bonus shares issued	-	-	(22,637)	-	-	(22,637)
Net profit for the year	-	-	-	-	424,879	424,879
Transferred from profit and loss account	-	-	-	211,000	(211,000)	-
Proposed dividend - Rs 4.5 per share	-	-	-	-	(213,917)	(213,917)
Balance as on December 31, 2001	475,371	203,589	-	1,817,036	602	2,496,598

Chief Executive

Director

PACKAGES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2001

1. Legal status and nature of business

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

2. Summary of significant accounting policies

2.1 Accounting convention

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

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

2.2 Taxation

Current

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

Deferred

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

2.3 Fixed capital expenditure and depreciation/amortisation

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

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

Tangible

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

Intangible

- Computer software and SAP Enterprise Resource Planning System (ERP)	33.33%
---	--------

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

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

2.4 Assets subject to finance lease

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

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

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

2.5 Long-term investments

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

2.6 Stores and spares

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

2.7 Stock-in-trade

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

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

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

2.8 Foreign currencies

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

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

All other exchange differences are included in profit currently.

2.9 Staff retirement benefits

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

- (a) All the executive staff participate in an approved funded defined benefit pension plan. In addition, there is an approved funded defined benefit gratuity plan for all employees. Monthly contributions are made to these funds on the basis of actuarial recommendation at the rate of 13 percent per annum of basic salaries for pension and 8.33 percent per annum of basic salaries for gratuity. The latest actuarial valuation for the pension and gratuity schemes was carried out as at December 31, 2001. The actual returns on plan assets during the year were Rs 45.086 million and Rs 36.106 million for the pension fund and gratuity fund respectively.

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

- Discount rate 12 percent per annum.
- Expected rate of increase in salary level 9.87 percent per annum.
- Expected rate of return 12 percent per annum.

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

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

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

2.10 Mark up, interest, profit and other charges

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

2.11 Revenue recognition

Revenue is recognised on despatch of goods or on the performance of services except for management fees which are recognised on receipt. Dividend income on equity investments is recognized as income when the right of receipt is established.

	2001	2000
	(Rupees in thousand)	
3. Issued, subscribed and paid up capital		
11,260,868 ordinary shares of Rs 10 each fully paid in cash	112,609	112,609
148,780 ordinary shares of Rs 10 each issued as fully paid for consideration other than cash	1,488	1,488
36,127,432 ordinary shares of Rs 10 each issued as fully paid bonus shares	361,274	338,637
<u>47,537,080</u>	<u>475,371</u>	<u>452,734</u>

7,850,407 shares (2000: 7,249,579 shares) of the company are held by International General Insurance Company of Pakistan Limited, an associated concern as at December 31, 2001.

2001 2000
(Rupees in thousand)

4. Reserves

Movement in and composition of reserves is as follows:

Capital

- Share premium 203,589 203,589

Reserve for issue of bonus shares

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

Revenue

- General reserve		
At the beginning of the year	1,606,036	1,526,036
Transfer from profit and loss account	211,000	80,000
	1,817,036	1,606,036
	2,020,625	1,832,262

5. Non participatory redeemable capital - secured

These are composed of:

Long term running finance under mark up arrangements	250,000	350,000
Less: Current portion shown under current liabilities	<u>100,000</u>	<u>100,000</u>
	<u>150,000</u>	<u>250,000</u>

Security

This finance is secured by an equitable mortgage of immovable properties and by hypothecation of all plant and machinery and a floating charge on all current assets subject to hypothecation of stores, spares, stock-in-trade and trade debts in favour of the Company's bankers referred to in note 10.1.

All charges in favour of the lenders of this finance rank pari passu with each other and with those in favour of the lenders of the foreign currency loans referred to in note 8.1.

Terms of repayment

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

6. Non participatory redeemable capital - unsecured

These represent Term Finance Certificates (TFCs)

The TFCs have been issued as fully paid scrips of Rs 5,000 and Rs 100,000 denominations or exact multiple thereof. These are listed on Lahore Stock Exchange.

Terms of repayment

Call option

Packages limited may redeem the TFCs by way of exercise of the Call Option by giving written notice and/or public notice to the TFC holders and the trustee at least sixty days prior to the option date(s). Packages limited will have the option to call the TFCs from the TFC holders for redemption on January 15, 2005 and at the end of every four years thereafter.

The call option may only be exercised by Packages Limited with respect to all of the outstanding TFCs.

Put option

TFC holders may exercise their Put option for redemption of TFCs by giving written notice to Packages limited at least sixty days prior to the option date(s). TFC holders will have the option to put the TFCs to Packages limited for redemption on January 15, 2005 and at the end of every four years thereafter.

The Put option may be exercised by any or all of the TFC holders for any number of TFCs held by them. However any particular TFC cannot be redeemed partially by exercising the Put option.

Rate of return

The return on TFCs is payable quarterly and is calculated at the State Bank of Pakistan's three-day repo rate plus 1.25 % per annum subject to a floor of 13.50 % per annum and a ceiling of 17.00 % per annum.

Trustees

In order to protect the interests of the TFC holders, Crescent Investment Bank Limited has been appointed as Trustees under a trust deed dated June 26, 2001. The trustees are paid a fee at the rate 0.065% per annum of the outstanding balance of the TFCs.

In case the company defaults on any of its obligations, the trustee may enforce Packages Limited's obligations in accordance with the terms of the trust deed. The proceeds of any such enforcements shall be distributed to the TFC holders at the time on a pari passu basis in proportion to the amounts owed to them pursuant to the TFCs.

Redemption fund

In accordance with the terms of issue to ensure timely repayment of the principal amount to small individual investors holding TFCs upto Rs 200,000 on January 15, 2005 and at the end of every four years thereafter, the company has established a redemption fund consisting of TFCs of First International Investment Bank Limited to the amount of Rs 6 million as referred to in note 16.1.

	2001	2000
	(Rupees in thousand)	
7. Liabilities against assets subject to finance lease		
Present value of minimum lease rental payments	105,600	140,800
Less: Current portion shown under current liabilities	<u>35,200</u>	<u>35,200</u>
	<u><u>70,400</u></u>	<u><u>105,600</u></u>

The minimum lease rental payments under the lease agreement are payable in 12 unequal quarterly installments. The present value of minimum lease payments have been discounted at an implicit interest rate of 16.50% to arrive at their present value.

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

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

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

Years	(Rupees in thousand)
2002	50,656
2003	44,767
2004	<u>38,890</u>
	134,313
Less: Financial charge not due	<u>28,713</u>
	<u><u>105,600</u></u>

2001 **2000**
(Rupees in thousand)

8. Long term loans and other payables - secured

Foreign currency loans	- note 8.1	354,530	773,092
Local currency loans	- note 8.2	163,386	358,336
Other payables	- note 8.3	33,643	25,542
		551,559	1,156,970

Less: Current portion shown under current liabilities

Foreign currency loans		354,530	423,840
Local currency loans	- note 8.4	163,386	194,950
Other payables		23,405	2,137
		541,321	620,927
		10,238	536,043

8.2 Local currency loans - secured

These finances have been obtained from a financial institution and are repayable in the years 2002. Mark-up on these finances is payable annually at rates ranging from Re 0.3716 to Re 0.3887 per Rs 1,000 per diem or part thereof on the outstanding balances.

Security

These loans are secured against long term deposits referred to in note 17.2 and 23.1.

2001 **2000**
(Rupees in thousand)

8.3 Other payables - secured

Import duties		33,643		25,542
---------------	--	--------	--	--------

These represent 50% of the import duties deferred under the Deferment of Import Duties Rules, 1991. The balance is repayable by the year 2004. Surcharge is payable half yearly at a rate of 14% per annum. The liability is secured by bank guarantees included in note 10.2.

8.4 Current portion of local currency loans - secured

As referred to in note 8.2 these finances have been obtained from a financial institution and are repayable by the year 2002. Rates of mark up range from Re 0.3716 to Re 0.3887 per Rs 1,000 per diem or part thereof on the outstanding balances.

9. Deferred liabilities

These are composed of:

Deferred taxation	- note 9.1	471,000	496,386
Vacation pay		63,265	51,383
		<u>534,265</u>	<u>547,769</u>

9.1 Deferred taxation

The liability for deferred taxation comprises timing differences relating to:

Accelerated tax depreciation	509,373	514,190
Accrued vacation pay	(22,143)	(17,804)
Provision for diminution in value of investments	(16,230)	-
	<u>471,000</u>	<u>496,386</u>

2001 **2000**
(Rupees in thousand)

10. Finances under mark up arrangements - secured

Running Finances	- note 10.1	347,146	486,082
Term Finances	- note 10.2	210,000	300,000
		<u>557,146</u>	<u>786,082</u>

10.1 Running finances - secured

Short-term running finances available from a consortium of commercial banks under mark up arrangements amount to Rs 1,635 million (2000: Rs 1,309 million). The rates of mark-up range from Re 0.3288 to Re 0.3973 per Rs 1,000 per diem or part thereof on the balances outstanding. In the event, the Company fails to pay the balances on the expiry of the quarter, year or earlier demand, mark up is to be computed at the rates ranging from Re 0.5479 to Re 0.6027 per Rs 1,000 per diem or part thereof on the balances unpaid. The aggregate short-term finances are secured by hypothecation of stores, spares, stock-in-trade and trade debts.

10.2 Term finances - secured

Term finances available from a consortium of commercial banks under mark up arrangements amount to Rs 560 million (2000: Rs 400 million). The rates of mark up range from Re 0.2466 to Re 0.3521 per Rs 1,000 per diem or part thereof. The aggregate term finances are secured by hypothecation of stores, stock-in-trade and trade debts.

Of the aggregate facility of Rs 896.6 million (2000: Rs 766.4 million) for opening letters of credit and Rs 369 million (2000: Rs 340.73 million) for guarantees, the amount utilised at December 31, 2001 was Rs 199.709 million (2000: Rs 252.240 million) and Rs 157.537 million (2000: Rs 126.179 million) respectively. Of the facility for guarantees, Rs 357.5 million (2000: Rs 357.5 million) is secured by a second hypothecation charge over stores, spares, stock-in-trade and trade debts.

11. Creditors, accrued and other liabilities

These are composed of:

Trade Creditors	- note 11.1	28,747	29,166
Accrued liabilities		396,522	352,152
Sales tax payable		4,443	16,881
Customers' balances		29,695	13,839
Deposits - interest free repayable on demand		2,641	2,125
Interest accrued on long term borrowings- secured		31,948	64,963
Mark up accrued on non participatory redeemable capital- secured		12,969	23,182
Mark up accrued on non participatory redeemable capital- unsecured		23,912	-
Mark up accrued on finances under mark up arrangements- secured		8,437	13,796
Workers' profit participation fund	- note 11.2	27,834	12,980
Workers' welfare fund		9,718	2,994
Unclaimed dividends		3,074	8,284
TFCs' payable		1,060	1,309
Others		14,902	12,105
		<u>595,902</u>	<u>553,776</u>

11.1 Trade creditors include amount due to associated companies Rs 22.601 million (2000: Rs 13.975 million).

2001 **2000**
(Rupees in thousand)

11.2 Workers' profit participation fund

Opening balance		12,980	29,493
Provision for the year		27,750	12,896
Interest for the year	- note 27	-	84
		<u>40,730</u>	<u>42,473</u>
Less: Payments made during the year		12,896	29,493
Closing balance		<u>27,834</u>	<u>12,980</u>

12. Contingencies and commitments

12.1 Contingencies

- (i) Guarantees to banks for repayment of loans by employees Rs 0.168 million (2000: Rs 0.166 million).
- (ii) Claims against the Company not acknowledged as debts Rs 9.098 million (2000: Rs 9.715 million).
- (iii) Against a sales tax refund aggregating Rs 12.827 million determined by the Sales Tax Officer (STO) on the basis of the orders of the Appellate Assistant Commissioner (AAC) for the assessment years 1977-78 through 1980-81 and recognised in the accounts in 1985, the STO filed an appeal in 1986 with the Income Tax Appellate Tribunal (ITAT) against the Orders of the AAC for these years. The orders of the AAC were based on a decision already given by the ITAT on the Company's appeal for application of a lower rate of sales tax on self consumed material for earlier years. Pending the outcome of the appeal filed by STO no adjustment has been made for the refunds recognised in the accounts as the Company is of the view that the appeal of the STO will not be upheld by the ITAT.
- (iv) For the assessment years 1999-2000 and 2000-2001, Inspecting Additional Commissioner has raised additional tax liability of Rs 110.525 million and 132.025 million respectively under section 12(9A) of the Income Tax Ordinance, 1979 on account of excess revenue reserves. Against the above treatment, the company has filed an appeal with the Income Tax Appellate Tribunal, which is pending adjudication. As the management is confident that the matter would be settled in its favour, consequently no provision has been made in these accounts in respect of the above mentioned liability.

12.2 Commitments in respect of

- (i) Contracts for capital expenditure Rs 114.260 million (2000: Rs 115.293 million).
- (ii) Forward contracts entered with banks for Rs 269.990 million (2000: Rs 127.973 million).
- (iii) Letters of credit other than capital expenditure Rs 162.678 million (2000: Rs 115.876 million).

	2001	2000
	(Rupees in thousand)	
15. Capital work-in-progress		
Plant and machinery	357,466	124,823
Civil works and building	87,677	12,245
Others	-	120,313
	<u>445,143</u>	<u>257,381</u>

Cost of plant and machinery includes net interest, commitment and other charges Rs 11.837 million (2000: Rs Nil).

16. Long term investments

In subsidiaries

Unquoted

Coates Lorilleux Pakistan Limited

2,814,375 (2000: 2,814,375) fully paid ordinary shares of Rs 10 each
Equity held 54.98% (2000: 54.98%)
Value of investment based on the net assets shown in the audited accounts
as at December 31, 2001 Rs 61.213 million (2000: Rs 44.917 million)

15,010 15,010

Packages Lanka (Private) Limited

47,009,168 (2000: 33,659,168) shares of SL Rupees 10 each
Equity held 69.69% (2000: 62.21%)
Value of investment based on the net assets shown in audited accounts as at
December 31, 2001 Rs 101.679 million (March 31, 2001: Rs 77.447 million)
Less: Provision for diminution in value of investments

348,392	252,107
(46,371)	-
-	-
302,021	252,107

Ricepak Limited

800 (2000: 800) fully paid ordinary shares of Rs 10 each - Equity held 100%
Value of investment based on the net assets shown in the audited accounts
as at August 31, 2001 Rs Nil (2000: Nil)

-	-
317,031	267,117

In associated companies

Quoted

Nestle Milkpak Limited

3,649,248 (2000: 3,649,248) fully paid ordinary shares of Rs 10 each
Equity held 8.06% (2000: 8.06%)
Market value - Rs 547.38 million (2000: Rs 547.38 million)

24,555	24,555
22,519	22,519
47,074	47,074

International General Insurance Company of Pakistan Limited

1,030,412 (2000: 1,030,412) fully paid ordinary shares of Rs 10 each
Equity held 10.61 % (2000: 10.61%)
Market value - Rs 59.815 million (2000: Rs 64.40 million)

C/F

364,105 314,191

2001 2000
(Rupees in thousand)

B/F

364,105 314,191

Tri-Pack Films Limited

10,000,000 (2000: 10,000,000) fully paid ordinary shares of Rs 10 each
Equity held 33.33 % (2000: 33.33%)
Market value - Rs 320 million (2000: Rs 349 million)

100,000 100,000

Unquoted

Tetra Pak Pakistan Limited

22,000,000 (2000: 11,000,000) fully paid ordinary shares of Rs 10 each
Equity held 44% (2000: 44%)
Value of investment based on the net assets shown in the audited accounts
as at December 31, 2001 Rs 333.773 million (2000: Rs 323.17 million)

15,400	15,400
5,000	5,000
20,400	20,400

Coca-Cola Beverages Pakistan Limited

500,000 (2000: 500,000) fully paid ordinary shares of Rs 10 each
Equity held 0.14% (2000: 0.14%)
Value of investment based on the net assets shown in the audited accounts
as at December 31, 2001 Rs 1.88 million (2000: Rs 2.59 million)

Others

Quoted

First International Investment Bank Limited

1,999,997 (2000: 1,999,997) fully paid ordinary shares of Rs 10 each
Equity held 9.99% (2000: 9.99 %)
Market value - Rs 17.399 million (2000: Rs 15.99 million)

25,000 25,000

First International Investment Bank Limited

6 (2000: Nil) fully paid term finance certificates of Rs 1 million each - note 16.1
Market value - Rs 6.21 million

6,000 -

Unquoted

Pakistan Tourism Development Corporation Limited

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

25	25
-	-
25	25

Orient Match Company Limited

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

-	-
515,530	459,616

16.1 Investment in TFCs have been made in accordance with the terms of issue of the term finance certificates of Rs 850 million as referred to in note 6.

2001 **2000**
(Rupees in thousand)

17. Long term loans, deposits and other receivables

Loans to employees - considered good	- note 17.1	903	613
Security deposits		3,148	3,929
Long term deposits	- note 17.2	-	344,852
Other receivables		242	-
		4,293	349,394
		4,293	349,394

17.1 Loans to employees aggregating Rs 0.0255 million (2000: Rs Nil) are secured by joint registration of scooters or motor cycles in the name of the employees and the Company.

The remaining loans are unsecured.

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

17.2 Long term deposits

US \$ Nil (2000: US \$ 4.525 million)		-	262,352
DM Nil (2000: DM 3.00 million)		-	82,500
		-	344,852
		-	344,852

These deposits are under lien for the loans referred to in note 8.2. These deposits placed with a financial institution are to mature in the year 2002 and these are included in cash and bank balances referred to in note 23.1.

18. Retirement and other benefits

Pension fund	- note 18.1	(15,027)	(4,928)
Gratuity fund	- note 18.2	31,646	21,150
		<u>16,619</u>	<u>16,222</u>

18.1 Pension fund

The amounts recognised in the balance sheet are as follows:

Fair value of plan assets	230,327	185,430
Present value of defined benefit obligation	(259,330)	(241,552)
Non vested (past service) cost to be recognised in later periods	24,172	27,193
Unrecognised actuarial gains/(losses)	(10,196)	24,001
Liability as at December 31, 2001	<u>(15,027)</u>	<u>(4,928)</u>
Net transitional asset as at January 1, 2001	(4,928)	1,369
Charge to profit and loss account	(18,140)	(9,851)
Contribution by the company	8,041	3,554
Liability as at December 31, 2001	<u>(15,027)</u>	<u>(4,928)</u>

2001 **2000**
(Rupees in thousand)

18.2 Gratuity fund

The amounts recognised in the balance sheet are as follows:

Fair value of plan assets	183,080	150,330
Present value of defined benefit obligation	(130,060)	(112,016)
Unrecognised actuarial gains/(losses)	(21,374)	(17,164)
Asset as at December 31, 2001	<u>31,646</u>	<u>21,150</u>
Net transitional assets as at January 1, 2001	21,150	18,420
Credit/(charge) to profit and loss account	1,254	(1,465)
Contribution by the company	9,242	4,195
Asset as at December 31, 2001	<u>31,646</u>	<u>21,150</u>

19. Stores and spares

Stores [including in transit Rs 3.092 million (2000: Rs 0.054million)]	104,317	41,685
Spares [including in transit Rs 4.115 million (2000: Rs 4.274 million)]	<u>158,927</u>	<u>236,096</u>
	<u><u>263,244</u></u>	<u><u>277,781</u></u>

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

20. Stock-in-trade

Raw materials [including in transit Rs 84.650 million (2000: 13.125 million)]	481,987	368,673
Work-in-process	50,580	72,272
Finished goods	229,229	188,774
	<u>761,796</u>	<u>629,719</u>

21. Trade debts

Considered good			
- Associated undertakings	- note 21.1	89,415	55,321
- Others		506,611	408,486
		<u>596,026</u>	<u>463,807</u>

Trade debts include secured debts of Rs 0.617 million (2000: Rs 5.070 million).

	2001	2000
	(Rupees in thousand)	
21.1 Due from associated undertakings		
Treet Corporation Limited	2,850	842
Nestle Milkpak Limited	32,665	20,183
Tetrapak Pakistan Limited	43,316	27,982
Zulfiqar Industries Limited	8,380	4,718
Tripack Films Limited	1,604	1,553
Coca Cola Beverages Limited	184	-
Packages Lanka (Private) Limited	407	43
Coates Lorilleux Pakistan Limited	9	-
	<u>89,415</u>	<u>55,321</u>

These are in the normal course of business and are interest free. The maximum aggregate amount outstanding due from associated undertakings at the end of any month during the year was Rs 95.889 million (2000: Rs 66.37 million).

22. Loans, advances, deposits, prepayments and other receivables

Loans to employees - considered good		-	127
Advances - considered good			
- To employees	- note 22.1	10,374	6,001
- To suppliers		23,844	12,014
- To associated companies	- note 22.2	11,955	9,139
		46,173	27,154
Advances to suppliers- considered doubtful		650	3,128
Trade deposits		5,923	3,554
Prepayments		3,356	24,103
Balances with statutory authorities			
- Excise duty		1,568	1,917
- Customs duty		3,188	3,010
		4,756	4,927
Profit receivable on foreign currency deposits		15,377	33,160
Claims recoverable from Government			
- Sales tax		350	455
- Income tax recoverable	- note 22.3	36,013	36,013
- Income tax refundable		239,002	200,879
- Wealth tax refundable		-	158
- Workers' welfare fund		-	1,457
- Excise duty		-	35
- Octroi - considered doubtful		1,198	2,231
		276,563	241,228
Other receivables		1	922
		352,799	338,303
Less: Provision against doubtful advances		1,848	5,359
		350,951	332,944

22.1 Included in advances to employees are amounts due from executives and directors Rs 0.441 million (2000: Rs 2.919 million) and Rs 1.01 million (2000: Rs Nil) respectively. The maximum aggregate amount due from executives and directors at the end of any month during the year was Rs 6.99 million (2000: Rs 4.946 million) and Rs 1.01 million (2000: Rs Nil) respectively.

	2001	2000
	(Rupees in thousand)	
22.2 Due from associated undertakings		
Tetrapak Pakistan Limited	7,996	7,154
Tripack Films Limited	413	374
Coates Lorilleux Pakistan Limited	1,414	1,129
International General Insurance Company of Pakistan Limited	2,036	264
Packages Lanka (Private) Limited	96	218
	11,955	9,139

These relate to normal business of the company and are interest free. The maximum aggregate amount of advances to associated companies at the end of any month during the year was Rs 19.855 million (2000: Rs 14.393 million).

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

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

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

23. Cash and bank balances

At banks			
On deposit accounts	- note 23.1	354,213	418,774
- US \$ 4.525 million (2000: US \$ 5.8 million)			
- DM 3.0 million (2000: DM 3.0 million)			
On savings accounts [including US \$.008 million (2000: US \$ 0.002 million)]		59,887	20,478
On current accounts		<u>136,216</u>	<u>65,126</u>
		550,316	504,378
In hand		<u>7,865</u>	<u>8,301</u>
		<u>558,181</u>	<u>512,679</u>

23.1 Included in balances at banks on deposit accounts are US \$ 4.525 million (2000: US \$ 5.8 million) and DM 3.0 million (2000: DM 3 million) which are under lien for loans referred to in note 8.4. The foreign currencies shall be available for encashment at the State Bank of Pakistan (SBP) rates applicable at the time of withdrawal.

	Year to December 31, 2001	Six month to December 31, 2000
	(Rupees in thousand)	
24. Cost of goods sold		
Opening work in process	72,272	69,217
Materials consumed	1,911,866	858,044
Salaries, wages and amenities	329,400	158,870
Fuel and power	463,950	230,266
Production supplies	151,678	64,104
Excise duty and sales tax	79,482	41,503
Rent, rates and taxes	1,679	973
Insurance	35,455	18,119
Repairs and maintenance	176,814	86,122
Packing expenses	14,450	5,806
Depreciation/amortisation on fixed assets	347,702	168,059
Amortisation of leased assets	11,000	5,500
Technical fee and royalty	6,444	3,301
Lease charges	2,200	8,909
Other expenses	35,725	20,208
	<u>3,640,117</u>	<u>1,739,001</u>
Less: Closing work in process	50,580	72,272
Cost of goods produced	<u>3,589,537</u>	<u>1,666,729</u>
Opening stock of finished goods	188,774	96,563
	<u>3,778,311</u>	<u>1,763,292</u>
Less: Closing stock of finished goods	229,229	188,774
	<u><u>3,549,082</u></u>	<u><u>1,574,518</u></u>

Cost of goods produced includes Rs 442.506 million (2000: Rs 195.184 million) for stores and spares consumed. Rs 4.501 million (2000: Rs Nil) and Rs 0.131 million (2000: Rs 0.388 million) for raw material and stores and spares written off respectively.

24.1 Salaries, wages and amenities

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

Pension

- Current service cost	6,107	2,776
- Interest cost for the year	23,133	10,696
- Expected return on plan assets	(18,152)	(8,636)
- Contribution made by the employees	(1,997)	(648)
- Recognition of past service cost	2,113	2,204
- Recognition of loss	1,486	795
	<u>12,690</u>	<u>7,187</u>

Gratuity

- Current service cost	4,281	2,150
- Interest cost for the year	10,374	5,832
- Expected return on plan assets	(14,564)	(6,905)
- Recognition of gain	(968)	(9)
	<u>(877)</u>	<u>1,068</u>

Year to Six month
December to December
31, 2001 31, 2000
(Rupees in thousand)

25. Selling, administration and general expenses

Selling and distribution expenses

Salaries, wages and amenities	- note 25.1	37,295	14,895
Travelling		7,088	3,215
Rent, rates and taxes		2,502	986
Freight and distribution		51,023	19,754
Insurance		120	505
Advertising		37,821	22,715
Depreciation		5,060	2,175
Other expenses		4,843	2,380
		<u>145,752</u>	<u>66,625</u>

Administration and general expenses

Salaries, wages and amenities	- note 25.2	104,525	44,244
Travelling		26,739	8,419
Rent, rates and taxes		5,886	2,274
Insurance		6,491	1,348
Printing, stationery and periodicals		12,286	5,187
Postage, telephone and telex		24,853	7,744
Motor vehicles running		8,352	4,189
Computer charges		188	1,573
Professional services	- note 30	13,916	2,288
Repairs and maintenance		7,688	3,083
Depreciation		27,227	8,576
Provision for doubtful advances		650	-
Other expenses		32,803	13,138
		<u>271,604</u>	<u>102,063</u>
		<u>417,356</u>	<u>168,688</u>

Selling, administration and general expenses include Rs 22.249 million (2000: Rs 29.980 million) for stores and spares consumed.

25.1 Salaries, wages and amenities

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

Pension

- Current service cost	690	256
- Interest cost for the year	2,615	987
- Expected return on plan assets	(2,052)	(797)
- Contribution made by the employees	(226)	(60)
- Recognition of past service cost	240	203
- Recognition of loss	168	73
	<u>1,435</u>	<u>662</u>

Gratuity

- Current service cost	484	199
- Interest cost for the year	1,173	539
- Expected return on plan assets	(1,647)	(636)
- Recognition of gain	(109)	(1)
	<u>(99)</u>	<u>101</u>

Year to Six month
December to December
31, 2001 31, 2000
(Rupees in thousand)

25.2 Salaries, wages and amenities

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

Pension

- Current service cost	1,932	773
- Interest cost for the year	7,319	2,979
- Expected return on plan assets	(5,743)	(2,405)
- Contribution made by the employees	(632)	(180)
- Recognition of past service cost	669	614
- Recognition of loss	470	221
	<u>4,015</u>	<u>2,002</u>

Gratuity

- Current service cost	1,355	598
- Interest cost for the year	3,281	1,624
- Expected return on plan assets	(4,608)	(1,923)
- Recognition of gain	(306)	(3)
	<u>(278)</u>	<u>296</u>

26. Other income

Management and technical fee from associated companies		2,495	1,163
Rental income		357	52
Dividend income from			
- Associated companies	- note 26.1	304,027	141,304
- Others		3,000	1,800
Insurance commission from an associated company		2,948	951
Lease income from associated companies		16,329	7,245
Profit on sale and deletion of fixed assets		5,474	3,485
Scrap sales		2,440	2,311
Provision and unclaimed balances written back		15,378	3,543
Agricultural income		1,348	1,110
Exchange gain		7,761	-
Income on foreign currency deposits		37,312	29,912
Income on rupee deposits		1,209	566
Profit on outside jobs including Rs .630 million (2000: Rs 0.453 million) from associated companies		1,477	706
Others		4,688	2,256
		<u>406,243</u>	<u>196,404</u>

26.1 Dividend income from associated companies

Tetrapak Pakistan Limited	242,000	110,000
International General Insurance Company of Pakistan Limited	4,122	-
Nestle Milkpak Limited	31,019	7,298
Coates Lorilleux Pakistan Limited	16,886	9,006
Tripack Films Limited	10,000	15,000
	<u>304,027</u>	<u>141,304</u>

**Year to
December
31, 2001**

**Six month
to December
31, 2000**

(Rupees in thousand)

27. Financial charges

Interest and mark up including commitment charges on		
- Long-term foreign currency loans	53,450	41,571
- Redeemable capital and local loans	94,841	50,247
- Short term running finances	90,839	11,386
- Finance lease	16,174	9,706
- Deferred import duties	3,989	1,806
- Workers' profit participation fund	-	84
Loan handling charges	4,554	-
Exchange loss	-	7,781
Bank charges	3,202	970
	<u>267,049</u>	<u>123,551</u>

28. Other charges

Workers' welfare fund		12,650	2,994
Workers' profit participation fund		27,750	12,896
Provision for diminution in the value of investments	- note 28.1	46,371	-
Donations	- note 31	12,009	624
		<u>98,780</u>	<u>16,514</u>

28.1 The carrying amount of the investment in Packages Lanka (Private) Limited, a subsidiary company registered in Sri Lanka has been reduced by this amount to recognise a decline in this investment which is considered other than temporary.

29. Provision for taxation

For the year

Current	105,000	46,800
Deferred	(28,640)	(9,876)
	<u>76,360</u>	<u>36,924</u>

Prior years

Current	9,948	7,760
Deferred	3,254	4,002
	<u>13,202</u>	<u>11,762</u>
	<u>89,562</u>	<u>48,686</u>

Year to December 31, 2001 % age	Six month to December 31, 2000 % age
--	---

29.1 Tax charge reconciliation

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

Applicable tax rate as per Income Tax Ordinance, 1979	35	34.65
Tax effect of amounts that are:		
Not deductible for tax purposes	3.18	2.32
Exempt for tax purposes	(2.54)	(4.28)
Chargeable to tax at different rates	(17.90)	(17.39)
Effect of change in prior years' tax	2.57	4.86
Tax effect under presumptive tax regime and others	(2.90)	(0.04)
	<u>(17.59)</u>	<u>(14.53)</u>
Average effective tax rate charged to profit and loss account	<u>17.41</u>	<u>20.12</u>

Year to December 31, 2001	Six month to December 31, 2000
---------------------------------	--------------------------------------

(Rupees in thousand)

30. Professional services

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

Statutory audit	385	249
Accounting services	-	101
Tax services	3,758	-
Share transfer, workers profit participation fund audit, management staff pension fund audit, special reports and certificates for lending agencies and sundry services	883	40
Out of pocket expenses	55	26
	<u>5,081</u>	<u>416</u>

31. Donations

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

Pakistan Olympic Association, Lahore (Syed Wajid Ali, Chief Executive is the President of the Association)	100	-
Liaquat National Hospital, Karachi (Syed Wajid Ali, Chief Executive is the Chairman of the Hospital)	742	-
Gulab Devi Chest Hospital, Lahore (Syed Wajid Ali, Chief Executive is the President of the Hospital)	10,077	75

32. Remuneration of Chief Executive, Directors and Executives

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

(Rupees in thousand)

	Chief Executive		Directors and alternate Directors		Executives	
	Year to December 31, 2001	Six month to December 31, 2000	Year to December 31, 2001	Six month to December 31, 2000	Year to December 31, 2001	Six month to December 31, 2000
Number of persons	1	1	5	4	149	137
Managerial remuneration	1,746	752	6,597	2,805	51,174	21,883
Contribution to provident gratuity, pension and welfare funds	-	-	1,769	709	9,616	4,349
Housing	336	102	3,084	897	18,954	8,179
Utilities	576	291	583	226	6,069	2,334
Leave passage	-	367	486	176	955	283
Medical expenses	495	76	272	96	1,817	390
Club expenses	8	6	26	15	7	7
Others	-	-	-	-	7,012	2,389
	<u>3,161</u>	<u>1,594</u>	<u>12,817</u>	<u>4,924</u>	<u>95,604</u>	<u>39,814</u>

The Company also provides the Chief Executive and some of the Directors and Executives with free transport and residential telephones.

32.2 Remuneration to other directors

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

Year to **Six months**
December **to December**
31, 2001 **31, 2000**
(Rupees in thousand)

33. Transactions with associated undertakings

Purchase of goods and services	399,095	185,932
Sale of goods and services	916,462	339,364
Lease income	16,413	7,245
	<u>1,331,970</u>	<u>532,541</u>

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

Capacity		Actual production	
Year to December 31, 2001	Six months to December 31, 2000	Year to December 31, 2001	Six months to December 31, 2000

34. Capacity and production - tones

Paper and paperboard produced	70,000	34,950	66,933	34,706
Paper and paperboard converted	70,000	35,000	60,160	30,294

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

35. Rates of exchange

Liabilities in foreign currencies have been translated into Rupees at US \$ 1.6598 (2000: US \$ 1.7094), EURO 1.8730 (2000: 1.8399) SFR 2.7701 (2000: SFR 2.7941), SEK 17.4520 (2000: SEK 16.2338), DM 3.6630 (2000: DM 3.5486), GBP 1.1431 (2000: GBP 1.1553), ITL 3625.8158 (2000: ITL 3513.7034) and ¥ 217.7700 (2000 ¥ 194.1748) equal to Rs

Rate of exchange prescribed by the State Bank of Pakistan for deposits on December 31, 2001 is US \$ 1 = Rs 60.2540 (2000: US \$ 1 = Rs 57.9783) and DM 1 = Rs 27.1880 (2000: DM 1 = Rs 27.5000).

Year to December 31, 2001	Six months to December 31, 2000
---------------------------------	---------------------------------------

(Rupees in thousand)

36. Cash flow from operating activities

Profit before taxation	514,441	241,927
Add/(less) adjustment for non cash charges and other items		
- Depreciation/amortisation on fixed assets	379,989	178,810
- Amortisation of leased assets	11,000	5,500
- Long term investments written off	-	4
- Provision for diminution in value of investments	46,371	-
- Vacation pay	14,483	2,383
- Retirement and other benefits	(397)	3,567
- Profit on sale and deletions of fixed assets	(5,474)	(3,485)
- Financial charges	267,049	123,551
- Dividend income	(307,027)	(143,104)
	<hr/>	<hr/>
Profit before working capital changes	920,435	409,153
Effect on cash flow due to working capital changes		
- (Increase) in trade debts	(132,219)	(1,917)
- Decrease/(increase) in stores and spares	14,537	(12,336)
- (Increase) in stock in trade	(132,077)	(82,749)
- Decrease/(increase) in loans, advances, deposits, prepayments and other receivables	20,116	(46,000)
- Increase in creditors, accrued and other liabilities	72,260	64,695
	<hr/>	<hr/>
	(157,383)	(78,307)
	<hr/>	<hr/>
	763,052	330,846
	<hr/>	<hr/>

37. Cash and cash equivalents

Cash and bank balances	558,181	512,679
Finances under mark-up arrangement	<u>(557,146)</u>	<u>(786,082)</u>
	<u>1,035</u>	<u>(273,403)</u>

38. Earnings per share

38.1 Basic earnings per share

Net profit for the year	Rupees in thousand	424,879	193,241
Weighted average number of ordinary shares	Numbers	47,537,080	47,537,080
Earnings per share	Rupees	8.94	4.07

38.2 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the company as the company has no such commitments.

39.1 Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs 1,233.019 million, the financial assets which are subject to credit risk amounted to Rs 941.944 million (2000: Rs 920.031 million). The company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the company applies credit limits to its customers and also obtains collaterals.

39.2 Foreign exchange risk management

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

39.3 Fair value of financial assets and liabilities

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

2001 **2000**

40. Number of employees

Number of employees as at year end

 2,977 2,782

41. Date of authorization for issue

These financial statements were authorised for issue on March 15, 2002 by the board of directors of the company.

42. Corresponding figures

Previous figures have been re-arranged, wherever necessary, for the purposes of comparison. Significant re-arrangements made are as follows:

	Rupees in million
Sales tax and excise duty shown as a deduction from gross sales instead of including it in cost of sales	307.612

The above figures have been re-arranged as the re-classification made is considered more appropriate for purposes of presentation.

Previous year the Company was accorded approval by the Commissioner of Income Tax to adopt calendar year as its income year w.e.f. July 1, 2000. The comparative figures for profit and loss account, statement of changes in equity, cash flow statement and the related notes are for a period of six months and are not comparable

43. Statement pursuant to section 237 of the Companies Ordinance, 1984 and the last audited balance sheet and profit and loss account of all the subsidiary companies, except for Packages Lanka (Pvt) Limited whose accounts have been reviewed in accordance with International Standards on Auditing applicable to review engagements covering period January 1, 2001 to December 31, 2001 are kept at the registered office of the Company for inspection of shareholders.

Chief Executive

Director