

National Foods Limited

Annual Report 2001

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BOARD OF DIRECTORS

MR. A. MAJEED	Chairman
MR. ABRAR HASAN	Managing Director / Chief Executive
MR. WAQAR HASAN	Director
MR. KHAWAR M. BUTT	Director
MR. ZAHID MAJEED	Director
MR. EBRAHIM QASSIM	Director
MS. JAMILA WAQAR	Director
MR. FIRASAT ALI	Director (N.I.T. Nominee)

MR. HABIB A. ISMAIL KHAIRAN Company Secretary

REGISTERED OFFICE 12/CL-6, Claremont Road, Civil Lines, Karachi-75530.
P.O. Box No. 15509
Phones: 5662687, 5670540, 5670585, 5670646, 5670793,
& 5672268 Fax No: 5684870 & 5671225

AUDITORS **RIAZ AHMAD, SAQIB, GOHAR & COMPANY,**
Chartered Accountants,
5-Nasim Co-operative Housing Society Ltd.,
Major Nazir Bhatti Road,
Off Shaheed-e-Millat Road, Karachi.
Phones: 4945427- 4946112 Fax: 4932629

14-Banglore Town Housing Society,
Sharee-e-Faisal, Karachi-75350.
Phones: 4546978-4520121 Fax: (92-21) 4314962

BANKERS **BANK AL-HABIB LIMITED**
Mackinnons Building, I. I, Chundrigar Road, Karachi
Phones: 2412986 (10 lines) Fax: 2419752

S.I.T.E. Branch.

Plot: # B/76 S.S. Chambers S.I.T.E., Karachi.
Phones: 2571710-11 (92-21) 2571522

Garden Town Branch
Lahore City,
Phones: 5869366-8

CITI BANK NA,
State Life Building No. 1, I. I. Chundrigar Road, Karachi.
Phones: 2412641-50 Fax: 2426773

MUSLIM COMMERCIAL BANK LIMITED,
Clifton Corporate Branch, Kulsom Court, Clifton, Karachi.
Phones: 5872286- 5831835 Fax: 5872058
Wahdat Road Branch, Lahore.
Phone: 5865149

HABIB BANK LIMITED
Hub River Road Branch, Karachi.
Phone: 2572197

CHAIRMAN'S REVIEW

The year in review has been excellent on many accounts, following are the few highlights:

1. Local Sales	1,059,358,411
Increase over last year	16.76%

The Company broke the barrier of ONE BILLION rupees in Local Sales which is a record.

This increase market share depicts increasing confidence in Company's products.

My congratulations to the entire team and our business partners (dealers & shop keepers) throughout Pakistan.

2. Export Sales	151,955,108
Increase over last year	26.93%

Although the figures seem satisfactory yet looking at the potential, we have a long way to go. To accelerate the pace in Export Sales, a research study is underway which will help the Company to modify its strategic policies and set up a futuristic organization to deal with the potential markets.

3. The improvement in related areas due to better performance in Local & Export Sales can be gauged from the following figures:

a) Unappropriated Profit	56,495,027
Increase over last year	34.45%

b) G.P.	239,910,193
Increase over last year	28.15%

c) Pre-Tax Profit	35,686,668
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Increase over last year	39.52%
d) Break up Value of share	24.73
Improvement over last year	1597%
e) Inventory Control	88.98 days
Improvement over last year	11.12 days
f) Fund Utilization	16,405,820
Improvement over last year	0.07%

The above results evidently point towards systematic and coordinated performance of all Management Pillars i.e. Procurement - Inventory - Production - Marketing and Finance.

RESEARCH & DEVELOPMENT ACTIVITIES:

The objectives set for the year in review were to develop items as extension of the present product ranges for local market. The results are about one dozen products some of them have already become part of Existing Range and others will be added in the near future.

On Export side, modified products ranges suitable to the specific needs of various Export Markets have been developed which will open new avenues in Export.

The pressure on R & D has brought the Company closer to many outside sources in order to supplement our efforts. The Management is being guided by Experts through Gap and Need Analysis.

MAIN TASK:

The Key Task in front of the Corporate Management is to analyze the main factors which can pull the Company towards a prosperous future on long term basis. Three factors have been identified:

- a) Investment in new Technology
- b) Investment in Human & Social Capital
- c) Investment in Communication & Database Equipment.

Our share holders may be pleased to know that a New Plot of 10 acres at Port Qasim has been acquired. This will facilitate in housing the future modern equipment thus bringing the Modern technology to the Company in order to compete in the future environment. First phase of New Paste Plant is near finalization. We are determined to bridge the technology gap as quickly as possible.

The new technology brings new culture and new man power requirements. We are aware of the needs of dedicated, educated work force. Our Human Resource Department is constantly running internal and external courses to update the skills of our work force.

A special Adult Literacy program has been launched during this year with the aim to make your Company 100% literate. This year the Literacy has been increased from 88% to 92%. During the second phase i.e. 2001 to 2002 it will be Insha Allah raised to 100%.

Raising the Human Capital without Social Capital will be lopsided. The purpose of raising Social Capital is to create sufficient trust in the minds of employees towards the organization so that they can share skills with each other and pull together forward thus increasing productivity, lowering wastages, minimizing defects on the floor level.

They should share the benefits of their efforts as well.

Your Company is offering the following Direct and Indirect Rewards to our work force.

REWARDS AND COMPENSATION:

Performance Bonus

- * Performance Related Pay Increments (PRPI)
- * Excellence Service Award
- * Worker of the year Award
- * Marriage Compensation
- * Medical Compensation
- * Haj & Umrah Scheme
- * Monthly Hygiene & Sanitation Award
- * Transport Facility
- * Gratuity & Provident Fund
- * Uniforms & dry cleaning facility
- * Motor vehicle loans facility.

Apart from the above benefits and rewards, Company also provide the following insurance Coverage:

- * Group Insurance
- * Medical Insurance (including critical illness)
- * Personal Accident Insurance
- * Group Provident Fund Insurance

A. MAJEED
Chairman

CHIEF EXECUTIVE'S ANNUAL REPORT TO THE SHAREHOLDERS 2000-2001

SUMMARY OF PERFORMANCE

A good year for National Foods Limited, showing a steady growth, in line with last years stated objective of consolidation.

The purpose of building financial strength in the company for meeting future growth objectives has now been met through sustained operations and increased profitability.

I take pleasure in presenting to you a summary of operational results, performance indicators and analysis in line with corporate objectives of the company.

FINANCIAL REVIEW

The company finished the year with a top line growth of 19.52% (Net Sales) and a bottom line growth of 39.52% (Profit before Tax).

The local sales grew by 18.50% and the export registered a growth of 25.69%. Another milestone for the company last year was the achievement of domestic

sale of Rs. One billion.

With these operational results, I am very happy to purpose the following appropriation:

	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
APPROPRIATION		
Profit after taxation	27,227,848	18,503,157
Add: Unappropriated profit brought forward	42,018,793	32,654,293
	-----	-----
Profit available for appropriation	69,246,641	51,157,450
Interim dividend Nil (2000: 10%)	--	4,250,538
Proposed final dividend @ 30% (2000: 11.5%)	12,751,614	4,888,119
	-----	-----
	12,751,614	9,138,657
	-----	-----
Unappropriated profit carried forward	56,495,027	42,018,793
	=====	=====

As per above appropriation, the company's performance in terms of Return on Equity (ROE) is 27.82% which has resulted in increased Earnings per Share (EPS) of 6.41.

OPERATIONAL REVIEW

The sales growth is less compared to last year due to continued GST problems at the retail level. The extra burden of GST for the unregistered distributors has caused the retail margins to be squeezed. This has led to a marginal decrease in sales level.

The company has done well in containing costs at all levels this year. The selling and distribution has increased, but this was provided for in the budget to combat competition and trade level through aggressive promotions and discounts. Also establishment of strategic warehouses in key metro areas has resulted in substantial gains.

Overall inventory levels have been reduced due to better storage and planned procurement of materials. This was further aided by the fact of improved GP of 1.77% a growth of 28.15% over last year. Financial costs have also decreased due to better inventory utilization.

QUALITY ASSURANCE

The Company has last year worked extensively to restructure its Quality Assurance program. This was done with the help of Pakistan Institute of Quality Control (PIQC). The major work done was Process Control, Inspection and Sampling Techniques. These practices were brought in line with international practices. The organizational structure was revamped accordingly and new Quality Assurance setup has been promulgated. The company at present is upgrading its ISO 9000 certification to comply with the new ISO 9000:2000 standards.

HUMAN RESOURCE DEVELOPMENT

As outlined in Chairman's Report, and as part of his initiative, the Adult Literacy Program (ALP) was started in the company. This program aims at creating literacy at the lowest level of workers in a very short time, thus enabling them to basic functions of simple reading and writing. The

ultimate aim of the company is to improve quality of products through participative management of workers at lower level. This would ultimately lead to interactive Quality Circles.

INVESTMENTS

The company has procured 10 acres of land in the Port Qasim Industrial Area. This land will serve as the expansion ground for all Modern Food Technology projects. The company is currently looking at expansion in the area of a new Sauce Manufacturing Plant.

This year the company has also separated the Sales and Marketing offices for both local and international division to a new location. This was done to cater to the future growth requirements.

In line with the growth requirements, the company has invested appropriately in the Management Information Systems. An ERP package has been finalized along with a Group Collaboration Software. These systems would help in managing dynamic growth of the company across multiple physical locations.

FUTURE PROSPECTS

The company will undergo expansion in a new plant and centralized warehousing in the Port Qassim area. This should further consolidate and reduce the overall manufacturing costs. GST problems continue to haunt the retail system. The company has reduced trade prices to maintain the margins for the retailers. The market continues to be under pressure due to the current economic situation. Purchase power has been appropriately affected.

Export infrastructure is being rebuilt through a massive export research project. This data would help us in setting up a dynamic organization to cater for the future opportunities in international markets.

AUDITORS

The present Auditors Messrs, Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants, retire, being eligible, have offered themselves, for re-appointment as auditors for the year 2001-2002.

PATTERN OF SHARE HOLDING

The Pattern of Share Holding as referred by Section 236 of Companies Ordinance 1984 is enclosed.

MANAGEMENT

As always the management and executives of the company have not disappointed the shareholders. Their performance has been exemplary and proactive in terms of combating the current economic situation. Their efforts have been truly reflected in the results of the company.

I am very proud to manage such a team as indeed they are the most valuable asset of the company.

ABRAR HASAN
Chief Executive

NOTICE OF MEETING

Notice is hereby given that the 30th annual general meeting of National Foods Limited will be held at the registered office situated at 12/CL-6, Claremont Road, Civil Lines Karachi, on Saturday the 10th November 2001, at 10.00 a.m., to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 29th annual general meeting held on 25th November 2000.

2. To receive, consider and approve the audited accounts for the year ended 30th June 2001,

3. To approve payment of cash dividend @ 30% (Rs. 3,00 per share of Rs. 10 each) as recommended by the directors.

4. To appoint auditors for the year 2001-2002 and to fix their remuneration. The retiring auditors Messrs, Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants being eligible, have offered themselves for re-appointment as auditors,

5. To transact any other business with the permission of the Chairman.

Special Business:

To increase the meeting attendance fee payable to the directors from Rs. 500/- to Rs. 1,000/- per meeting and to amend accordingly the Articles of Association of the Company by passing the following resolution as a special resolution, with or without modification.

"RESOLVED THAT the meeting attendance fee for the directors be and is hereby increased from Rs. 500/- to Rs. 1,000/- for attending every meeting and accordingly the figure of Rs. 500 appearing in Article 62 of the existing Articles of Association of the company be and is hereby amended to read as Rs. 1,000/- with immediate effect."

By order of the Chairman

(HABIB A. ISMAIL KHAIRANI)
Company Secretary

Karachi: 19th October, 2001.

NOTES:

1. The share transfer books of the Company will remain closed from November 1,2001 to November 10, 2001 (Both days inclusive).

2. All members are entitled to attend and vote at the meeting

3. A member entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote for him/her. A proxy must be a member of the Company,

4. In order to be valid, an instrument of proxy and the power of attorney or other authority under which it is signed, or a notarially certified copy of such power of authority, must be deposited at the registered office of the Company not less than 48 hours before the time of the meeting.

5. Shareholders are requested to notify immediately any change in their registered address.

FINANCIAL RATIOS

	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>
LIQUIDITY RATIOS					
Current Ratio	101	1.04	1.06	1.08	1.04
Acid Test Ratio	0.28	0.26	0.22	0.19	0.29
Defensive Interval Ratio	28.38	24.31	22.00	19.75	24.67

ACTIVITY RATIOS

Receivable Turnover	23.79	27.02	34.13	35.29	32.26
Inventory Turnover	4.16	4.65	4.38	3.65	4.10
Asset Turnover	2.37	2.70	281	2.73	2.93

PROFITABILITY RATIOS

Profit Margin	2.14%	1.89%	1.78%	2.42%	2.98%
Return on Assets	5.08%	5.09%	4.99%	6.60%	8.72%
Return on Equity	13.64%	13.38%	14.57%	21.53%	27.82%
Earnings Per Share	2.58	2.57	2.69	4.35	6.41
Dividend Per Share	1.25	1.50	1.40	2.15	3.00

COVERAGE RATIOS

Debt / Equity Ratio	4.61%	7.91%	9.33%	15.68%	13.14%
Interest Cover	2.28	2.94	2.14	3.03	3.52

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **National Foods Limited** as at June 30, 2001 and the related profit & 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 state that;

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the 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 & 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 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

RIAZ AHMAD, SAQIB, GOHAR & CO.
Chartered Accountants

Karachi: October 13, 2001.

BALANCE SHEET AS AT 30 JUNE, 2001

	<i>Note</i>	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
CAPITAL AND RESERVES			
Capital			
Authorized Capital 5,000,000 (2000: 5,000,000) ordinary Shares of Rs. 10 each		50,000,000	50,000,000
		=====	=====
Issued, subscribed & paid-up capital	3	42,505,380	42,505,380
Reserves			
Capital-share premium		6,102,100	6,102,100
Unappropriated profit		56,495,027	42,018,793
		-----	-----
		62,597,127	48,120,893
		-----	-----
		105,102,507	90,626,273
LONG TERM LIABILITIES			
Liabilities against assets subject to finance lease - secured	4	7,365,475	8,808,729
Deferred tax		6,445,060	5,399,798
		-----	-----
		13,810,535	14,208,527
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		7,243,520	4,762,199
Finances utilized under mark-up arrangements - secured		92,988,783	110,934,296
Creditors, accrued expenses & other liabilities		88,256,153	79,129,962
Proposed dividend		12,751,614	4,888,119
		-----	-----
		201,240,070	199,714,576

Contingencies & commitments	7	--	--
		-----	-----
		320,153,112	304,549,376
		=====	=====

N.B. The annexed notes form an integral part of these accounts.
Auditors report annexed.

PROPERTY AND ASSETS

Fixed Capital Expenditure

Fixed assets	8	106,434,420	84,479,673
Capital work-in progress	9	2,775,867	457,969
		-----	-----
		109,210,287	84,937,642

Long term deposits		1,592,180	1,410,981
---------------------------	--	-----------	-----------

Deferred expenditure	10	--	2,100,000
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CURRENT ASSETS

Stock-in-trade	11	151,802,580	177,412,663
Trade debts - unsecured - considered good		32,882,300	23,847,224
Advances, deposits, prepayments and other receivables	12	20,058,373	14,033,628
Cash and bank balances	13	4,607,392	807,238
		-----	-----
		209,350,645	216,100,753
		-----	-----
		320,153,112	304,549,376
		=====	=====

ABRAR HASAN
Chief Executive

WAQAR HASAN
Director

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

	<i>Note</i>	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
Sales	14	915,136,401	765,675,135
Less: Cost of sales	15	675,226,208	578,471,953
		-----	-----
Gross profit		239,910,193	187,203,182
Operating Expenses			
Less: Administrative expenses	16	22,912,327	20,458,873
Selling and distribution expenses	17	167,062,331	127,879,179
		-----	-----
		189,974,658	148,338,052
		-----	-----
Operating profit		49,935,535	38,865,130
Add: Other income	18	2,156,953	993,604

		52,092,488	39,858,734
Less: Financial and other charges	19	(16,405,820)	(14,280,790)
Profit before taxation		35,686,668	25,577,944
Less: Taxation	20	(8,458,820)	(7,074,787)
Profit after taxation		27,227,848	18,503,157
Add: Unappropriated profit brought forward		42,018,793	32,654,293
Profit available for appropriation		69,246,641	51,157,450
APPROPRIATIONS:			
Interim dividend Nil (2000: 10%)		--	4,250,538
Proposed final dividend @ 30% (2000: 11.5%)		12,751,614	4,888,119
		12,751,614	9,138,657
Unappropriated profit carried forward		56,495,027	42,018,793
Basic earnings per share	21	6.41	4.35

The annexed notes form an integral part of these accounts.

ABRAR HASAN
Chief Executive

WAQAR HASAN
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE, 2001

<i>Note</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxation	35,686,668	25,577,944
Adjustments for non cash charges and other items		
Depreciation	13,748,139	11,962,515
Amortization of Deferred expenses	2,100,000	--
Profit on sale of fixed assets	(819,147)	(402,838)
Financial and other charges	16,405,820	12,613,790
	31,434,812	24,173,467
Operating profit before working capital changes	67,121,480	49,751,411
(Increase)/decrease in current assets		
Stock in trade	25,610,083	(37,544,233)
Trade debts	(9,035,076)	(4,306,780)
Advances, deposits, prepayments and other receivables	(4,604,203)	1,658,467
	11,970,804	(40,192,546)

Increase in current liabilities

Creditors, accrued and other liabilities	9,504,787	15,757,171
	-----	-----
	88,597,071	25,316,036
	-----	-----
Financial charges paid	(16,657,867)	(13,450,431)
Taxes paid	(8,834,100)	(5,436,435)
	-----	-----
	(25,491,967)	(18,886,866)
	-----	-----
Net cash from operating activities	63,105,104	6,429,170

CASH FLOW FROM INVESTING ACTIVITIES:

Capital expenditure	(33,632,260)	(8,053,080)
Sale proceeds of fixed assets	4,151,539	1,641,270
Long term deposits	(181,199)	(145,000)
Deferred expenditure	--	(2,100,000)
Finance leased assets	(7,720,916)	(11,786,500)
	-----	-----
Net cash used in Investing activities	(37,382,836)	(20,443,310)
	-----	-----
	25,722,268	(14,014,140)

CASH FLOW FROM FINANCING ACTIVITIES:

Repayment of long term loan	(6,682,849)	(3,006,824)
Dividend paid	(5,014,668)	(9,624,834)
Proceed from finance lease	7,720,916	11,786,500
	-----	-----
Net cash used in financing activities	(3,976,601)	(845,158)
	-----	-----
Net decrease in cash & Cash equivalent	21,745,667	(14,859,298)
Cash & Cash equivalent at the beginning of the year	(110,127,058)	(95,267,760)
	-----	-----
Cash & Cash equivalent at the end of the year	(88,381,391)	(110,127,058)
	=====	=====

CASH & CASH EQUIVALENTS:

Cash & bank balance	4,607,392	807,238
Finance utilized under mark-up arrangements	(92,988,783)	(110,934,296)
	-----	-----
	(88,381,391)	(110,127,058)
	=====	=====

ABRAR HASAN
Chief Executive

WAQAR HASAN
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE, 2001

	<i>Issued, Subscribed & paid-up capital</i>	<i>Capital Reserve- Shares premium</i>	<i>Unappropriated Profit</i>	<i>Total</i>
As on June 30, 1999	42,505,380	6,102,100	32,654,293	81,261,773

Profit for the year	--	--	18,503,157	18,503,157
Interim dividend	--	--	(4,250,538)	(4,250,538)
Proposed final dividend	--	--	(4,888,119)	(4,888,119)
	-----	-----	-----	-----
As on 30 June, 2000	42,505,380	6,102,100	42,018,793	90,626,273
Profit for the year	--	--	27,227,848	27,227,848
Interim dividend	--	--	--	--
Proposed dividend	--	--	(12,751,614)	(12,751,614)
	-----	-----	-----	-----
As on 30 June, 2001	42,505,380	6,102,100	56,495,027	105,102,507
	=====	=====	=====	=====

ABRAR HASAN
Chief Executive

WAQAR HASAN
Director

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

1. STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan as a private limited company on 19 February, 1970 and subsequently converted into public limited company by special resolution passed in extra-ordinary general meeting held on 30 March, 1988. The Company is listed on the Karachi, Lahore and Islamabad stock exchanges. The company is principally engaged in the manufacture and sale of spices, pickles, pastes/ketchup and iodized salt.

2. ACCOUNTING POLICIES

2.1 Accounting Convention

These accounts have been prepared on historical cost convention without taking into account the effect of inflation or current cost.

2.2 Taxation

The provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax rebates and credits.

The company provides for deferred taxation, if any, using the liability method, However, no provision is made if it is estimated that this would not reverse in the foreseeable future.

2.3 Staff Retirement Benefits

The company operates a funded gratuity scheme covering all permanent employees and is calculated on the basis of 30 days of the last drawn salary and length of service of the employees. Provision to cover this obligation is made annually. The company has carried out actuarial valuation as at December 31, 2000. There is an approved funded defined benefit gratuity plan for all employees. Monthly contributions are made to the fund on the basis of actuarial recommended rate of 6.5% per annum of basic salary. The future contribution rate of this plan includes allowances for deficit and surplus. The actuarial valuation as discussed above has been carried based on the following assumptions.

Discount rate	12%
Expected rate of return on plan assets	12%
Expected rates of salary increase in future years	20%

Actuarial valuation method	Projected unit
Expected remain working life time of employees	12 Year

Change in present value of obligations*Rupees*

Present value of defined benefit obligation on 30-06-2000	16,265,261
Interest cost for the year	1,951,831
Current cost for the year	2,252,491
Benefit paid	(272,634)
Actuarial (gain)/loss on present value of defined benefit obligation (PVDBO)	(14,308)

Present value of defined benefit obligation on 30-06-2001	20,182,641
	=====

Change in fair value of plan Assets

Fair value of plan assets on 30-06-2000	18,884,515
Expected return on plan assets	2,266,142
Contributions	13,068,159
Benefits paid & due	(272,634)
Actuarial gain/(loss) on assets	953,732

Fair value of plan assets on 30-06-2001	34,899,914
	=====

Change in actuarial gain/(losses)

Actuarial gains/(losses) as on 30-06-2000	--
Actuarial gains/(losses) arising during the year	968,040
Actuarial gains/(losses) charged to P & L during the year	--

Actuarial gains/(losses) as on 30-06-2001	968,040
	=====

Charged to income for the year 2000-2001

Current service cost	2,252,491
Interest cost	1,951,831
Expected return on assets	(2,266,142)

Total amount chargeable to profit & loss account	1,938,180
	=====

Balance Sheet Liability as on 30-06-2001

Present value of defined benefit obligation	20,182,642
Less: Fair value of plan assets	(34,899,914)
Less: Actuarial losses/(plus gains) to be recognised in later periods	968,040

Total balance sheet liability	(13,749,232)
	=====

Actual Return on plan assets

Expected return on plan assets for the year	2,266,142
Actuarial gain (loss) on assets in the year	953,732

Actual return on plan assets	3,219,874

=====

The company also operates a funded provident fund scheme, covering all permanent employees. Monthly contribution is made at the rate of 5 percent of the pay of employees to the fund.

2.4 Fixed Assets and Depreciation

All fixed assets except lease hold lands and capital work-in-progress are stated at written down value which is arrived at by deducting accumulated depreciation from cost. Lease hold lands and capital work -in-progress are stated at cost. Cost in relation to certain fixed assets signifies historical cost and cost of borrowing during construction period in respect of loans taken for specific project.

Deprecation is charged on reducing balance method whereby the cost of an asset is written off over its expected useful life. Maintenance and normal repairs are charged to income. Major renewals and replacements are capitalised and the assets so replaced, if any, are retired. Full year's depreciation is charged on assets acquired during the year whereas no depreciation is charged on assets deleted. Gains and losses on disposal of assets are included in income currently.

2.5 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 agreement and the fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under finance lease are amortised over the useful life of the asset on a reducing balance method at the rates given in the relevant note. Amortisation of leased assets is charged to current year's income.

2.6 Stock-in-Trade

Raw materials, work in progress and packing materials are valued at average cost whereas finished goods are valued at lower of cost and net realizable value. Appropriate manufacturing overheads are included in the cost of finished goods. Goods in transit are stated at cost.

2.7 Foreign Currency Translation

Assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. The resulting gains and losses are charged to current year's income.

2.8 Revenue Recognition

Revenue is recognised on the basis of sales which are recorded at the time of despatch of goods. Returns are booked as and when advised. Goods are sold subject to reservation of title, as is customary in this trade.

	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
1,255,990(2000: 1,255,990) Ordinary Shares of Rs. 10 each fully paid in cash	12,559,900	12,559,900
2,994,548(2000: 2,994,548) Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	29,945,480	29,945,480
	-----	-----

42,505,380 42,505,380
=====

**4. LIABILITIES AGAINST ASSETS
SUBJECT TO FINANCE LEASE**

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

	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
<i>Year ending June 30</i>		
2001	--	6,762,534
2002	9,234,880	6,134,000
2003	7,241,918	4,141,038
2004	880,087	--
	-----	-----
	17,356,885	17,037,572
Less: Financial charges allocated to future periods	2,747,890	3,466,644
	-----	-----
	14,608,995	13,570,928
Less: Current portion shown under current obligation	7,243,520	4,762,199
	-----	-----
	7,365,475	8,808,729
	=====	=====

The implicit rate used as the discounting factor is in range between 14.77% -19.08% per annum. Rentals are payable in equal monthly/quarterly installments.

At the end of lease period the ownership of assets will be transferred to the company on payment of residual value.

These are secured by demand promissory notes and security deposits.

	<i>Note</i>	<i>2001</i> <i>Rupees</i>	<i>2000</i> <i>Rupees</i>
5. FINANCE UTILIZED UNDER MARK-UP ARRANGEMENTS - SECURED			
Bank Al-Habib Limited			
Export refinance	5.1	54,721,000	47,603,000
Running finance	5.2	38,267,783	60,331,296
Advance against trust receipt	5.3	--	3,000,000
		-----	-----
		92,988,783	110,934,296
		-----	-----
		92,988,783	110,934,296
		=====	=====

<i>LIMIT</i> <i>Rupees</i>	<i>EXPIRY</i>	<i>RATE OF</i> <i>MARK-UP</i>	<i>SECURITY</i>
-------------------------------	---------------	----------------------------------	-----------------

5.1 Rs. 54,721,000	31 Oct	8% to 9% per annum	The facility mentioned in note 5.1, 5.2 and 5.3 are secured by:
(2000: Rs. 47,603, 2001			

5.2 Rs. 70,000,000	31 Oct	14% to 15%	i) Registered hypothecation over stock & debtors to the extent of Rs. 185 million each.
(2000: Rs. 71,770,	2001	per annum	ii) Registered equitable mortgage over immovable to the extent of Rs. 117 million.
5.3 Rs. 3,000,000	31 Oct	17.5% per annum	iii) Personal guarantees of directors amounting to Rs. 210 million
(2000: Rs. 3,000,0	2001		

	<i>Note</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
6. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Creditors		32,502,029	30,174,301
Accrued expenses		10,676,403	8,242,514
Advance from customers		6,696,644	9,913,146
Security deposits		106,200	159,700
Mark-up accrued on secured loans		2,065,359	2,317,406
Unclaimed dividend		677,183	803,732
Due to associated undertakings		267,245	37,440
Due to directors		7,463	52,365
Due to employees gratuity fund trust		9,197,372	6,247,357
Payable to employees provident fund trust		3,394,394	984,784
Sales tax payable		6,051,658	3,912,652
Workers welfare fund		347,878	1,051,568
Workers profit participation fund	6.1	2,139,538	1,268,000
Other liabilities		14,126,787	13,964,997
		-----	-----
		88,256,153	79,129,962
		=====	=====
6.1 Workers Profit Participation Fund			
Opening balance		1,268,000	826,628
Allocation for the year		1,208,000	1,208,000
		-----	-----
		2,034,628	2,034,628
Interest on funds utilized in company's business		230,834	60,000
Payment to beneficiaries		(1,268,000)	(826,628)
		-----	-----
		2,139,538	1,268,000
		=====	=====

7. CONTINGENCIES AND COMMITMENTS

7.1 Company has commitments against outstanding letters of credit established for import of goods amounting to Rs. 6,761,300 as on 30-06-2001 (2000: Rs. 6,840,000).

7.2 Company's commitment with bank for payment against documents was Rs. 6,541,200 as on 30-06-2001 (2000: Rs. Nil).

8. FIXED ASSETS*COST**DEPRECIATION*

<i>Particulars</i>	<i>As on 1 July 2000</i>	<i>Additions/ (Disposals)/ Transfers During the Year</i>	<i>As on 30 June 2001</i>	<i>R A T E</i>	<i>As on 1 July 2000</i>	<i>Additions/ (Disposals)/ Transfers During the Year</i>	<i>Charge for the year</i>	<i>As on 30 June 2001</i>	<i>Written Down value as on 30 June 2001</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>%</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Owned assets									
Leasehold Land	1,450,235	11,339,000	12,789,235	--	--	--	--	--	12,789,235
Buildings on leasehold Land	33,604,652	158,626	33,763,278	10	15,813,280	--	1,795,000	17,608,280	16,154,998
Plant, Machinery, Equipments & Generators	45,704,400	8,059,136	53,763,536	10	21,622,686	--	3,214,101	24,836,787	28,926,749
Office & Other Equipments	20,001,419	2,096,943	22,098,362	15	10,578,539	--	1,727,978	12,306,517	9,791,845
Laboratory Equipments	1,419,188	976,718	2,395,906	10	574,482	--	182,144	756,626	1,639,280
Motor Vehicles	21,600,517	6,589,191	26,608,528	20	10,751,476	--	3,412,601	12,958,153	13,650,375
		(3,319,180)				(2,054,068)			
		1,738,000*				848,144*			
Furniture & Fixtures	9,023,080	356,748	9,379,828	10	3,441,441	--	593,849	4,035,260	5,344,568
		--							
	-----	-----	-----		-----	-----	-----	-----	-----
	132,803,491	29,576,362	160,798,673		62,781,874	--	10,925,673	72,501,623	88,297,050
		(3,319,180)				(2,054,068)			
		1,738,000*				848,144*			
Leased assets									
Machinery	11,570,000	3,660,000	15,230,000	10	1,535,000	--	1,369,500	2,904,500	12,325,500
Motor vehicles	6,154,500	4,060,916	8,148,136	20	1,731,444	(848,144)*	1,452,966	2,336,266	5,811,870
		(329,280)							
		(1,738,000)*							
	-----	-----	-----		-----	-----	-----	-----	-----
	11,724,500	7,720,916	23,378,136		3,266,444	(848,144)*	2,822,466	5,240,766	18,137,370
		(329,280)							
		(1,738,000)*							
	-----	-----	-----		-----	-----	-----	-----	-----
TOTAL 2001:	150,527,991	39,035,278	184,176,809		66,048,318	(2,054,068)	13,748,139	77,742,389	106,434,420
		(5,386,460)							
	=====	=====	=====		=====	=====	=====	=====	=====
TOTAL 2000:	134,684,916	19,668,594	150,527,991		56,672,890	(2,587,087)	11,962,515	66,048,318	84,479,673
		(3,825,519)							
	=====	=====	=====		=====	=====	=====	=====	=====

* Represents adjustment of assets transferred from leased assets to owned assets.

	<i>2001 Rupees</i>	<i>2000 Rupees</i>
8.1 Depreciation has been allocated as follows		
Cost of Sales	9,249,133	7,343,464
Administrative expenses	1,778,075	2,273,363
Selling and distribution expenses	2,720,931	2,345,688
	-----	-----
	13,748,139	11,962,515
	=====	=====

8.2 Disposal of Fixed Assets

<i>Particulars</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Book Value</i>	<i>Sold for</i>	<i>Profit/ (Loss)</i>	<i>Mode of Disposal</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	
MOTOR VEHICLES						
Suzuki Khyber 1000 cc Reg. No. Z-1182 Mr. Nisar Ahmed Naseem Ali Khan House No. II D 10/2, Nazimabad Karachi.	310,980	229,458	81,522	172,786	91,264	Negotiation
Suzuki Khyber 993 cc Reg. No. Z-9390 Mrs. Farhana Nisar Ahmed House No, II D 10/2, Nazimabad Karachi.	320,500	236,482	84,018	200,000	115,982	Negotiation
Mazda Pickup Reg. No. KE-8123 Mr. Mohammad Ayub Karam Elahi House No. R-85-5, Gali No. B 11/7 Bahawalpur Road, Lahore.	285,000	246,748	38,252	230,000	191,748	Negotiation
Yamaha YB-100 Reg. No. LXA-2191 Mr. Alfred Sadiq House No. 1725/3497 Tippu Sultan Road Madina Colony, Karachi	57,400	33,889	23,511	27,000	3,489	Negotiation
Suzuki Margalla Reg. No. AAS-429 Mr. Mohammad Ali Rehmat Ali Madina Hotel, Karimabad, Karachi,	487,000	287,525	199,475	300,000	100,525	Negotiation
Suzuki Swift 1000 cc Reg. No. AB-429 Mr. Siraj Ahmed House No, II D 10/2 Nazimabad Karachi.	350,000	235,312	114,688	200,000	85,312	Negotiation
Suzuki Bolan 800 cc Reg. No. CJ-9561 Mr. Nizar Mohammad all Flat No. 40 Amina Corner, Block-01, F.B. Area, Karachi.	320,000	215,142	104,858	185,200	80,342	Negotiation
KIA Pride 1100 cc Reg. No. AAJ-590 Mr. Babar Ahmed Khan House No. R-642, Sir Syed Town Adam Town, Karachi.	372,100	219,688	152,412	161,300	8,888	Negotiation

Yamaha YB-100 Reg. No. KCK-9451 Mr. Maratab Ali Rehmat Ali Sajjad Gohar Manzil Noor Allahnoor Masjid Gulistan Colony Tenery Road Karachi.	49,000	36,155	12,845	30,922	18,077	Company Policy
Sub Total	2,551,980	1,740,399	811,581	1,507,208	695,627	
MOTOR VEHICLES						
Honda Motorcycle CD-70 Reg. No. KCV-788 Mr. Majid Hussain House No. 15/4, 1-E Nazimabad Karachi,	51,000	37,630	13,370	32,185	18,815	Company Policy
Honda Motorcycle CD-70 Reg. No. KCV-3125 Mr. Aurangzeb Ghori House No. R-102, Sector 5 B-1 North Karachi,	50,000	33,616	16,384	24,120	7,736	Company Policy
Honda Motorcycle CD-70 Reg. No. GAJ-5981 Mr. Sheraz Fakhar House No. 29, Block Z, Street No. 6 Peoples Colony, Gujranwala,	50,000	33,616	16,384	24,120	7,736	Company Policy
Honda Motorcycle CD-70 Reg. No. PRQ-6230 Mr. Asif-Ullah-Paracha House No. 5 Armour Colony Macci Shareef Road, Peshawar,	54,700	36,776	17,924	26,170	8,246	Company Policy
Honda Motorcycle CD-70 Reg. No. KCV-4122 Mr. Hamid Ali Mirza House No. C-53, Block-D North Nazimabad, Karachi.	54,500	36,642	17,858	26,135	8,277	Company Policy
Honda Motorcycle CD-70 Reg. No. KCV-4123 Mr. Sher Ali Mohammad Jamil House No. 158/1 5/E, New Karachi,	54,500	36,642	17,858	26,135	8,277	Company Policy
Honda Motorcycle CD-70 Reg. No. KCV-4496 Mr. Mohammad Naseem Akhter House No, C-10, Apsara Apartment No. 5 F.C. Area, Karachi.	55,000	36,978	18,022	26,466	8,444	Company Policy
Honda Motorcycle CD-70	59,500	35,129	24,371	50,000	25,629	Insurance

Reg. No. HDM-1693 E.F.U. General Insurance Limited						Claim
Yamaha Motorcycle YB-100 Reg. No. KCT-0618 E.F.U. General Insurance Limited Karachi.	66,600	13,320	53,280	67,000	13,720	Insurance Claim
Yamaha Motorcycle YB-100 Reg. No. KCT-0736 E.F.U. General insurance Limited Karachi.	66,600	13,320	53,280	68,000	14,720	Insurance Claim
Sub Total	562,400	313,669	248,731	370,331	121,600	

MOTOR VEHICLES

Yamaha Motorcycle YB-100 Reg. No. KCT-4384 E.F.U. General Insurance Limited Karachi.	67,500	--	67,500	68,000	500	Insurance Claim
Honda Motorcycle CD-70 Reg. No. KCT-4946 E.F.U. General Insurance Limited Karachi.	69,000	--	69,000	69,000	--	Insurance Claim
Honda Motorcycle CD-70 Reg. No. KCT-6834	68,300	--	68,300	69,000	700	Insurance Claim
Sub Total	204,800	--	204,800	206,000	1,200	
	3,319,180	2,054,068	1,265,112	2,083,539	818,427	

LEASED ASSETS**Motor Vehicles**

Yamaha YB-100 Reg. No. KCT-2706 E.F.U. General Insurance Limited Karachi.	65,856	--	65,856	66,000	144	Insurance Claim
Yamaha YB-100 Reg. No. KCT-2703 E.F.U. General Insurance Limited Karachi.	65,856	--	65,856	66,000	144	Insurance Claim
Yamaha YB-100 Reg. No. KCT-2704 E.F.U. General Insurance Limited Karachi.	65,856	--	65,856	66,000	144	Insurance Claim
Yamaha YB-100 Reg. No. KCT-2705	65,856	--	65,856	66,000	144	Insurance Claim

E.F.U. General Insurance Limited
Karachi.

Yamaha YB-100 Reg. No. KCT-2708 E.F.U. General Insurance Limited Karachi.	65,856	--	65,856	66,000	144	Insurance Claim
Sub Total	329,280	--	329,280	330,000	720	
Total	3,648,460	2,054,068	1,594,392	2,413,539	819,147	

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

9. CAPITAL WORK-IN-PROGRESS

Building	2,710,194	457,969
Plant and machinery	65,673	--
	2,775,867	457,969

10. DEFERRED EXPENDITURE

Advertisement	--	2,100,000
---------------	----	-----------

11. STOCK-IN-TRADE

Raw material	44,389,818	49,757,528
Work-in-process	52,364,848	56,686,745
Finished goods	22,102,549	33,688,638
Packing material	29,602,500	31,205,468
Goods in transit	2,155,280	5,027,606
General material	1,187,585	1,046,678
	151,802,580	177,412,663

12. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances		
Staff - considered good	1,388,580	1,485,361
Income tax	5,926,305	4,505,763
Profit accrued on DSC Gratuity fund	9,587,091	6,070,993
Other - considered good	739,110	343,988
	17,641,086	12,406,105
Prepayments	362,335	150,185
Deposits	114,400	114,400
Export rebate receivable	867,601	494,842
Due from associated undertakings	72,951	868,096
Sales tax refundable	1,000,000	--

20,058,373	14,033,628
=====	=====

12.1 Maximum aggregate balance due from associated undertakings at the end of any month during the year was Rs. 951,601 (2000: 1,126,019).

12.2 This represents sales tax paid under protest against arbitrary bevy on table salt and other spices amounting to Rs. 87.8 million (later reduced to 30.7 million). As a result of appeal the matter has been set aside by the Tribunal by accepting the appeal.

However, the department has preferred an appeal against the order of the Tribunal and for the stay of refund claimed by the company before the High Court.

13. CASH AND BANK BALANCES

In hand	306,473	233,844
With banks in current accounts	4,300,919	573,394
	-----	-----
	4,607,392	807,238
	=====	=====

13.1 Balance on current accounts include a separate account for deposits from dealers amounting to Rs. 112,034 (2000: Rs. 165,604),

14. SALES

Local sales		
Gross sales	1,059,358,411	907,304,014
	-----	-----
Less: Discount	126,307,910	116,839,000
Cartage/freight	19,361,938	15,319,960
Sales tax	117,624,668	99,226,296
Sales returns	18,107,237	19,388,655
	-----	-----
	281,401,753	250,773,911
	-----	-----
	777,956,658	656,530,103

Export sales

Gross sales	151,955,108	119,717,657
Less: Freight	10,049,759	7,765,350
Forwarding charges	3,251,947	2,382,854
Discount/commission	1,473,659	424,421
	-----	-----
	14,775,365	10,572,625
	-----	-----
	137,179,743	109,145,032
	-----	-----
	915,136,401	765,675,135
	=====	=====

15. COST OF SALES

Opening stock of work in process		56,686,745	46,398,396
Add: material consumed	15.1	549,273,514	506,734,580
Direct wages		24,764,871	24,673,573
Factory overheads	15.2	85,279,837	69,039,512

		659,318,222	600,447,665
		716,004,967	646,846,061
Less: Closing stock of work in process		(52,364,848)	(56,686,745)
Cost of goods manufactured		663,640,119	590,159,316
Add: Opening stock of finished goods		33,688,638	22,001,275
Cost of goods available for sale		697,328,757	612,160,591
Less: Closing stock of finished goods		(22,102,549)	(33,688,638)
		675,226,208	578,471,953

15.1 Material Consumed

Opening stock		80,962,996	68,927,894
Purchases during the year		542,302,836	518,769,682
Less: Closing stock		(73,992,318)	(80,962,996)
		549,273,514	506,734,580

15.2 Factory Overheads

Salaries, allowances and benefits		36,891,770	29,355,681
Professional services		1,268,090	1,224,600
Bonus		5,909,653	4,611,778
Gratuity		--	1,208,760
Rent, rates and taxes		2,761,627	2,131,244
Insurance		1,331,726	964,808
Power, electricity, gas and water		13,521,247	11,499,063
Depreciation	8.1	9,249,133	7,343,464
Repairs, maintenance, cartage and conveyance		13,071,663	9,702,542
Laboratory expenses, research & development		1,274,928	997,572
		85,279,837	69,039,512

16. ADMINISTRATIVE EXPENSES

Salaries, allowances and benefits		10,237,823	8,422,258
Bonus		2,542,954	2,139,280
Gratuity		--	510,861
Scholarship and donations	16.1	152,500	75,000
Travelling		1,532,602	940,907
Rent, rates and taxes		311,402	260,075
insurance		696,758	684,842
Depreciation	8.1	1,778,075	2,273,363
Entertainment		199,009	228,837
Legal and professional		663,185	391,417
Printing stationery, books & periodicals		855,234	958,383
Postage, telephone & telegraph		668,973	728,471
Repairs and maintenance		783,411	634,978
Motor vehicles running		1,315,991	1,312,564

Electricity		458,437	304,673
Auditors remuneration	16.2	78,750	78,750
Fee & subscriptions		273,826	183,610
Registrar services		242,523	212,900
Others		120,874	117,704
		-----	-----
		22,912,327	20,458,873
		=====	=====

16.1 The directors or their spouses did not have any interest in the donee's fund

16.2 Auditors' Remuneration

Audit fee		50,000	50,000
Out of pocket expenses		28,750	28,750
		-----	-----
		78,750	78,750
		=====	=====

17. SELLING AND DISTRIBUTION EXPENSES

Salaries, allowances and benefits		16,732,156	12,269,210
Bonus		2,948,091	2,382,252
Gratuity		--	596,325
Travelling & daily allowances		6,794,340	5,561,516
Rent, rates and taxes		134,500	1,000
Insurance		1,054,649	1,055,440
Depreciation	8.1	2,720,931	2,345,688
Entertainment		243,383	295,204
Postage, telephone & telegraph		2,133,488	1,722,523
Printing stationery, books & periodicals		961,730	861,280
Repairs and maintenance		281,981	600,592
Motor vehicles running		2,541,729	2,161,503
Sales promotion, meetings & conferences		6,384,619	3,773,900
Legal, professional, trademark and registration		2,938,143	1,064,465
		-----	-----
		45,869,740	34,690,898
Advertisement and artwork		121,192,591	93,188,281
		-----	-----
		167,062,331	127,879,179
		=====	=====

18. OTHER INCOME

Export rebate		951,008	590,766
profit on sale of fixed assets		819,147	402,838
Insurance claim		386,798	--
		-----	-----
		2,156,953	993,604
		=====	=====

19. FINANCIAL AND OTHER CHARGES

Mark-up and interest on long term loans		2,813,004	1,442,258
Mark-up and interest on short term loans		11,186,541	11,045,289
Bank charges		149,693	126,243
Workers' profit participation fund		1,908,704	1,208,000
Workers' welfare fund		347,878	459,000
		-----	-----

16,405,820	14,280,790
=====	=====

20. TAXATION

Current year	20.1	7,413,558	5,674,989	---
Deferred		1,045,262	1,399,798	
		-----	-----	
		8,458,820	7,074,787	
		=====	=====	

20.1 Income tax assessments of the company upto assessment year 2000-2001 have been finalized. Appeals relating to assessment year 1989-90 to 1997-98 are pending for hearing before the Income Tax Appellate Tribunal. Appeal is also pending for hearing before the Commissioner of Income Tax in respect of assessment year 1998-99.

21. BASIC EARNINGS PER SHARE

Profit after taxation	27,227,848	18,503,157
	-----	-----
Number of ordinary shares	4,250,538	4,250,538
	6.41	4.35
	=====	=====

There were no diluted potential shares as at the balance sheet date.

22. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

	<i>CHIEF EXECUTIVE</i>		<i>DIRECTORS</i>		<i>EXECUTIVES</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Basic salary	603,556	531,960	1,761,189	1,401,780	6,751,291	5,279,987
House rent	271,639	239,280	791,478	630,540	3,040,145	2,377,653
Utilities	60,361	53,040	175,872	139,800	675,263	528,104
Bonus	272,970	263,366	760,535	694,016	3,089,274	2,666,120
Others	665	--	--	--	1,009,701	615,108
	-----	-----	-----	-----	-----	-----
	1,209,191	1,087,646	3,489,074	2,866,136	14,565,674	11,466,972
	=====	=====	=====	=====	=====	=====
No. of persons	1	1	4	3	28	25
	=====	=====	=====	=====	=====	=====

22.1 In addition the Chief Executive and two Directors are provided with free use of the company cars and residential telephones. A few Executives are also provided with free use of motor vehicles.

22.2 Aggregate amount charged in these accounts in respect of non executive directors fee is Rs. 2,500 (2000: 2,500).

23. PLANT CAPACITY AND ACTUAL PRODUCTION (IN METRIC TONS)

	<i>2001</i>		<i>2000</i>	
	<i>Installed</i>	<i>Utilized</i>	<i>Installed</i>	<i>Utilized</i>

Spices	3,900	3,440	3,900	3,150
Pickles	1,800	3,025	1,800	2,800
Pastes	2,000	1,565	1,000	1,630
Salt	15,000	19,350	15,000	15,720

- Increase in installed capacity of pastes is due to installation of machinery.
- Excess utilization in pickles and salt has been achieved with extra working hours.

24. FINANCIAL ASSETS & LIABILITIES

24.1 Interest / markup rate risk exposure

The company's exposure to interest / markup rate risk and the effective rates on its financial assets and liabilities as of 30 June, 2001 are summarized as follows:

<i>Financial assets</i>	<i>Interest / mark-up bearing</i>	<i>Non interest / mark-up bearing</i>	<i>Total</i>
Long term deposits	--	1,592,180	1,592,180
Trade debts	--	32,882,300	32,882,300
Advances, deposits, prepayments & other receivables	--	20,058,373	20,058,373
Cash and bank balances	--	4,607,392	4,607,392
	-----	-----	-----
	--	59,140,245	59,140,245
	=====	=====	=====
Financial liabilities			
Liabilities against assets subject to finance lease	14,608,995	--	14,608,995
Finance utilized under mark-up arrangements	92,988,783	--	92,988,783
Creditors, accrued expenses & other liabilities	--	88,256,153	88,256,153
	-----	-----	-----
	107,597,778	88,256,153	195,853,931
	=====	=====	=====

Effective rate of interest

8 - 19%

24.2 Concentration of credit risk

The substantial sales of the company are made on cash basis. The company attempts to control credit risk associated with the carrying amount of its receivable by monitoring credit exposures, limiting transactions with specific customers and continuing assessment of credit worthiness of customers.

24.3 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

2001

2000

25. NUMBER OF EMPLOYEES

Total number of employees at June 30.

365

358

=====

26. GENERAL

26.1 Previous year's figures have been rearranged and regrouped where deemed necessary for the purpose of comparison.

26.2 Figures have been rounded off to the nearest rupee.

ABRAR HASAN
Chief Executive

WAQAR HASAN
Director

**COMBINED PATTERN OF CDC & NORMAL
SHARE HOLDING AS AT 30 JUNE 2001**

<i>Number of Shareholders</i>	<i>Share Holding</i>		<i>Total Shares Held</i>
	<i>From</i>	<i>To</i>	
1,036	1	100	23,690
320	101	500	69,586
53	501	1,000	39,788
94	1,001	5,000	203,071
5	5,001	10,000	43,543
3	10,001	15,000	39,168
3	15,001	20,000	53,735
4	25,001	30,000	109,542
1	40,001	45,000	41,053
1	50,001	55,000	54,000
2	70,001	75,000	145,224
1	85,001	90,000	85,379
1	120,001	125,000	122,322
1	125,001	130,000	129,386
1	135,001	140,000	139,210
1	175,001	180,000	175,568
1	185,001	190,000	188,654
1	200,001	205,000	204,510
1	320,001	325,000	324,872
1	645,001	650,000	648,689
1	1,405,001	1,410,000	1,409,548
-----			-----
1,532			4,250,538
=====			=====

**CATEGORIES OF
SHAREHOLDERS**

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE
1. Individuals	1,518	1,989,752	46.812
2. Investment companies	1	16,948	.399
3. Insurance companies	1	175,568	4.130
4. Joint stock companies	9	1,414,482	33.278
5. Financial institutions	1	648,689	15.261
6. Modaraba	1	1,238	0.029
7. Foreign investors	--	--	--
8. Co-operative societies	--	--	--
9. Charitable trusts	1	3,861	0.091
10. Others	--	--	--
	-----	-----	-----

Totals	1,532	4,250,538	100.000
	=====	=====	=====