

Notes to the Financial Statements (Un-audited) for the half year ended December 31, 2005

1. NATURE AND STATUS OF BUSINESS

The Company was incorporated in Pakistan on September 30, 1986 as a public limited company under the Companies Ordinance, 1984 and is quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi. The principal business of the Company is manufacture and sale of food and plastic products and trading in food and personal care products.

2. BASIS OF PRESENTATION

These financial statements are unaudited but subject to limited scope review by auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2005

| | | December 31, 2005 (Unaudited) | June 30, 2005 (Audited) |
|---|-----|-------------------------------------|-------------------------------|
| | | — Rupees in thousands — | |
| 4. TANGIBLE FIXED ASSETS | | | |
| Operating property, plant and equipment | 4.1 | 37,057 | 36,873 |
| Capital work in progress | 4.2 | <u>6,949</u> | <u>2,614</u> |
| | | <u>44,006</u> | <u>39,487</u> |
| 4.1 Operating property, plant and equipment | | | |
| NBV as at July 01, 2005 / 2004 | | 36,873 | 48,019 |
| Add: Additions to tangible fixed assets | | 5,071 | 3,946 |
| Less: Disposal during the period (NBV) | | 817 | 737 |
| Depreciation charged during the period / year | | <u>4,070</u> | <u>14,355</u> |
| | | <u>4,887</u> | <u>15,092</u> |
| | | <u>37,057</u> | <u>36,873</u> |
| 4.2 Capital work in progress | | | |
| Balance at the beginning of the period / year | | 2,614 | 491 |
| Addition during the period / year | | 7,567 | 2,614 |
| Transferred to operating plant and equipment during the period / year | | (3,232) | (491) |
| | | <u>6,949</u> | <u>2,614</u> |
| 5. SHORT TERM INVESTMENT | | | |
| This represents investment in Musharika deposit of Rs. 25 million with Guardian Modaraba carrying markup rate of 7.5% per annum (June 2005: 25 million) and Certificate of Deposit with First Dawood Investment Bank Limited of Rs. 50 million, carrying markup rate of 11 % per annum. (June 2005: Nil). | | | |



Notes to the Financial Statements (Un-audited)
for the half year ended December 31, 2005

December 31, 2005 (Unaudited) June 30, 2005 (Audited)
— Rupees in thousands —

6. CASH AND BANK BALANCES

Cash at banks in:

| | | |
|--------------------|--------|---------|
| - Current accounts | 8,089 | 27,514 |
| - Saving accounts | 19,639 | 110,419 |
| - Deposit account | - | 30,000 |
| | 27,728 | 167,933 |

| | | |
|-----------------|---------------|----------------|
| Cash in hand | 168 | 71 |
| Cheques in hand | 752 | 4,618 |
| | <u>28,648</u> | <u>172,622</u> |

7. CONTINGENCIES AND COMMITMENTS

7.1 (a) Contingencies

There were no major changes in the contingencies as reported in the financial statements for the year ended Jun 30, 2005.

(b) Guarantees

There is a contingent liability in respect of indemnities given to banks for guarantees issued by them in the normal course of business aggregating to Rs. 1.354 million (June 2005: 1.354 million).

December 31, 2005 (Unaudited) June 30, 2005 (Audited)
— Rupees in thousands —

7.2 Commitments

| | | |
|--|--------|-------|
| Acceptances and letters of credit | 33,255 | 9,407 |
| Lease rentals payable during 2005-2008 | 236 | 343 |
| Duty payable on raw material and import of trading goods | 736 | 309 |

| Half year ended | | Quarter ended | |
|-------------------------|-------------------|-------------------|-------------------|
| December 31, 2005 | December 31, 2004 | December 31, 2005 | December 31, 2004 |
| — Rupees in thousands — | | | |

8. COST OF SALES

| | | | | |
|--|----------------|----------------|---------------|---------------|
| Cost of goods manufactured | 120,695 | 82,305 | 57,687 | 37,819 |
| Purchase of trading goods | 20,672 | 7,973 | 11,599 | 6,757 |
| Opening stock of finished goods (including trading goods) | 16,142 | 34,338 | 12,955 | 26,944 |
| | <u>157,509</u> | <u>124,616</u> | <u>82,241</u> | <u>71,520</u> |
| Closing stocks of finished goods (including trading goods) | (35,288) | (31,108) | (35,288) | (31,108) |
| | <u>122,221</u> | <u>93,508</u> | <u>46,953</u> | <u>40,412</u> |

Notes to the Financial Statements (Un-audited) for the half year ended December 31, 2005

9. BASIC AND DILUTED EARNINGS PER SHARE

| | Half year ended | | Quarter ended | |
|---|-------------------------|----------------------|----------------------|----------------------|
| | December 31, 2005 | December 31, 2004 | December 31, 2005 | December 31, 2004 |
| | — Rupees in thousands — | | | |
| Profit after taxation | <u>9,978</u> | <u>6,264</u> | <u>394</u> | <u>89</u> |
| | Number of shares | | | |
| Issued ordinary shares | <u>5,460,000</u> | <u>5,460,000</u> | <u>5,460,000</u> | <u>5,460,000</u> |
| Basic and diluted earnings per share | <u>Rs. 1.83</u> | <u>Rs. 1.15</u> | <u>Rs. 0.07</u> | <u>Rs. 0.02</u> |

10. TRANSACTIONS WITH RELATED PARTIES

The related parties include associated undertakings, local associated undertakings, trade mark licensor, staff retirement funds, directors and key management personnel. Transactions with related parties are as follows:

| | Half year ended | | Quarter ended | |
|---|-------------------------|----------------------|----------------------|----------------------|
| | December 31, 2005 | December 31, 2004 | December 31, 2005 | December 31, 2004 |
| | — Rupees in thousands — | | | |
| Sales of goods and services | 1,598 | 688 | 630 | 685 |
| Purchase of goods and services | 47,932 | 24,787 | 29,358 | 10,265 |
| Rent, allied and other charges | 1,582 | 1,362 | 782 | 613 |
| Royalty on sale of licensed products | 7,006 | 5,172 | 2,614 | 1,982 |
| Insurance premium | 2,048 | 2,435 | 447 | 278 |
| Contribution to staff retirement benefit plans | 596 | 234 | 307 | 18 |
| Compensation to key management personnel | 3,299 | 3,423 | 1,650 | 1,712 |

The company continues to have a policy whereby all transactions with related parties are entered into at arm's length prices determined using the comparable uncontrolled price method.



Notes to the Financial Statements (Un-audited) for the half year ended December 31, 2005

11. GENERAL

- 11.1 The figures of the profit and loss account for the quarters ended December 31, 2005 and December 31, 2004 have not been subject to a limited scope review, as the scope of the review covered only the cumulative figures for the half year ended December 31, 2005 and December 31, 2004.
- 11.2 These financial statements were authorised for issue by the Board of Directors on January 30, 2006.
- 11.3 Due to change in accounting treatment of export rebate, the prior period figure of sales and cost of sales have been reclassified.
- 11.3 Amounts have been rounded of to the nearest thousand rupees unless otherwise stated.

A handwritten signature in black ink, appearing to read "Zulfiqar Ali Lakhani".

Zulfiqar Ali Lakhani
Chief Executive

A handwritten signature in black ink, appearing to read "Tasleemuddin Ahmed Batlay".

Tasleemuddin Ahmed Batlay
Director