



Notes to the Financial Statements (Un-audited) for the half ended December 31, 2006

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. These should be read in conjunction with the financial statements of the Company for the year ended June 30, 2006.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Company.

4. SEASONALITY OF OPERATIONS

Due to the seasonal nature of the Company's business, higher revenues and operating profits are usually expected in the second half of the year as compared to first six months due to the summer season and the demand of the product.

	December 31, 2006 Unaudited	June 30, 2006 Audited
Note	—	—
	Rupees in thousand	

5. FIXED ASSETS - PROPERTY, PLANT AND EQUIPMENT

Book value at the beginning of the period/year		58,031	36,873
Additions to tangible fixed assets	5.1	2,922	34,758
Less: Disposals during the period - at book value	5.2	86	5,060
Depreciation charged during the period/year		5,429	8,540
		<u>5,515</u>	<u>13,600</u>
		<u>55,438</u>	<u>58,031</u>
5.1 Additions during the period / year			
Leasehold Land		-	3,401
Building on leasehold land		-	3,229
Plant & machinery		75	22,678
Furniture and fittings		-	166
Office equipment		6	334
Tools and equipment		-	121
Vehicles		2,535	4,228
Computer and data processing equipment		<u>306</u>	<u>601</u>
		<u>2,922</u>	<u>34,758</u>
5.2 Disposals during the period / year - at book value			
Plant & Machinery		-	4,013
Vehicles		-	977
Computer and data processing equipment		<u>86</u>	<u>70</u>
		<u>86</u>	<u>5,060</u>



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		December 31, 2006	June 30, 2006
		Unaudited	Audited
		— Rupees in thousand —	
6. SHORT-TERM INVESTMENTS			
Available-for-sale	6.1	76,272	-
Held-to-maturity	6.2	<u>25,000</u>	<u>25,000</u>
		<u>101,272</u>	<u>25,000</u>

6.1 Available-for-sale investment – at fair value

KASB Liquid Fund	20,374	-
Atlas Income Fund	20,454	-
UTP Income Fund	<u>35,444</u>	-
	<u>76,272</u>	<u>-</u>

6.2 This represents investment in Musharika deposit with a Modaraba having maturity of one month with an option of roll forward and carrying profit @ 10% per annum (June 30, 2006: 10% per annum).

7. SHARE CAPITAL

Issued, subscribed and paid-up capital

Fully paid ordinary shares of Rs 10/- each

Number of shares				
December 31, 2006	June 30, 2006	Issued for/as		
3,900,000	3,900,000	Cash	39,000	39,000
		Fully paid bonus shares		
1,560,000	1,560,000	Opening balance	15,600	15,600
1,092,000	-	Issued during the period/year	10,920	-
<u>2,652,000</u>	<u>1,560,000</u>		<u>26,520</u>	<u>15,600</u>
<u>6,552,000</u>	<u>5,460,000</u>		<u>65,520</u>	<u>54,600</u>

8. CONTINGENCIES AND COMMITMENTS

8.1 (a) Contingencies

There were no major changes in the contingencies as reported in the financial statements for the year ended June 30, 2006.

(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 30, 2006: 1.354 million)



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December 31, June 30,
2006 2006
Unaudited Audited
— Rupees in thousand —

8.2 Commitments

Acceptances and letters of credit	<u>24,683</u>	<u>21,569</u>
Lease rentals payable	<u>593</u>	<u>1,136</u>
Duty Payable on raw material and import of trading goods	<u>6,607</u>	<u>5,553</u>

Half year ended		Quarter ended	
December 31,	December 31,	December 31,	December 31,
2006	2005	2006	2005
— Rupees in thousand —			

9. COST OF SALES

Cost of goods manufactured	166,799	120,695	75,598	57,687
Purchase of trading goods	8,848	20,672	7,218	11,599
Opening stock of finished goods (including trading goods)	<u>33,177</u>	<u>16,142</u>	<u>19,030</u>	<u>12,955</u>
	208,824	157,509	101,846	82,241
Closing stocks of finished goods (including trading goods)	<u>(51,233)</u>	<u>(35,288)</u>	<u>(51,233)</u>	<u>(35,288)</u>
	<u>157,591</u>	<u>122,221</u>	<u>50,613</u>	<u>46,953</u>

Half year ended	
December 31,	June 30,
2006	2006
— Rupees in thousand —	

10. TAXATION

Current		
- for the half year	6,265	7,661
- for prior year	<u>(836)</u>	<u>(127)</u>
	5,429	7,534
Deferred	<u>(765)</u>	<u>(160)</u>
	<u>4,664</u>	<u>7,374</u>



Notes to the Financial Statements (Un-audited)
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	Half year ended		Quarter ended	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005

Rupees in thousand

11. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

Profit / (loss) after taxation	10,532	9,978	(3,663)	394
	(Number of shares)			
Issued ordinary shares	6,552,000	6,552,000	6,552,000	6,552,000
Earnings / (loss) per share (restated)	Rs. 1.61	Rs. 1.52	Re. (0.56)	Re. 0.06

11.1 There was no dilution effect on the basic earnings / (loss) per share as the Company had no such outstanding commitments during the year.

	Half year ended	
	December 31, 2006	December 31, 2005

Rupees in thousand

12. DIVIDEND PAID

Declared and paid during the six months period
- Final cash dividend @ Rs. 6/- per share
(2005: @ Rs. 6.5 per share)

32,760	35,490
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13. RELATED PARTIES DISCLOSURE

The related parties include associates, group companies, trade mark licensor, staff retirement funds, directors and key management personnel. Transactions with related parties are as follows:

Relationship	Nature of transactions / balances		
Group companies	Sale of goods and services	488	1,598
	Purchase of goods and services	8,578	7,628
	Rent and allied expenses	2,152	1,582
	Insurance premium and commission	3,317	2,048
	Due from related parties	152	721
	Due to related parties	673	1,203
Staff retirement benefit plans	Contribution to staff retirement benefit	859	596
	Payable to provident fund	4	5
Key management personnel	Remuneration and benefits	5,999	3,299
Licensor of product in respect of which the Company has exclusive trademark rights	Royalty on sale of licensed products	9,112	7,006
Other related parties	Purchase of goods and services	34,146	40,304



Notes to the Financial Statements (Un-audited) for the half ended December 31, 2006

The Company enters into transactions with related parties for the purchase of raw material, services, royalty charges and rent and allied expenses are charged between related parties on the basis of mutually agreed terms.

	Half year ended	
	December 31, 2006	December 31, 2005
	Rupees in thousand	
14. CASH GENERATED FROM OPERATIONS		
Profit before taxation	15,196	17,352
Adjustments for non cash charges and other items:		
Depreciation	5,429	4,070
Gain on sale of property plant and equipment	(92)	-
Reversal of provision for doubtful debts	(143)	-
Profit on investment and deposit	(4,481)	(4,655)
Financial charges	952	333
	<u>16,861</u>	<u>17,100</u>
(Increase) / decrease in current assets		
Stores	17	(74)
Stock-in-trade	(18,568)	(26,828)
Trade debts	23,784	3,387
Loans and advances	(1,990)	(13,200)
Trade deposits and short-term prepayments	(1,951)	(9,316)
Other receivables	55	(394)
	<u>1,347</u>	<u>(46,425)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	(98,105)	3,154
Sales tax payable	(10,182)	(12,141)
	<u>(108,287)</u>	<u>(8,987)</u>
Cash generated from operations	<u>(90,079)</u>	<u>(38,312)</u>

15. GENERAL

15.1 The figures of the profit and loss account for the quarters ended December 31, 2006 and December 31, 2005 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, 2006 and December 31, 2005.

15.2 These financial statements were authorised for issue by the Board of Directors on January 26, 2007.

15.3 No material corresponding period figures have been rearranged, however, earnings per share have been restated as disclosed in note 11 to the financial statements.

15.4 Amounts have been rounded off to the nearest thousand rupees unless otherwise stated.


Zulfiqar Ali Lakhani
Chief Executive


Tasleemuddin Ahmed Batlay
Director