

Notes to the Financial Statements (Un-audited)

for the 3rd quarter ended March 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 PREPARATION

These financial statements are unaudited and 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.

	Note	March 31, 2006 (Unaudited)	June 30, 2005 (Audited)
— Rupees in thousands —			
4. TANGIBLE FIXED ASSETS			
Operating property, plant and equipment	4.1	38,476	36,873
Capital work in progress	4.2	<u>6,953</u>	<u>2,614</u>
		<u>45,429</u>	<u>39,487</u>
4.1 Operating property, plant and equipment			
Net book value (NBV) as at July 01, 2006 / 2005		39,487	48,019
Add: Additions to tangible fixed assets		6,116	3,946
Less: Disposal during the period (NBV)		(842)	(737)
Depreciation charged during the period / year		<u>(6,285)</u>	<u>(14,355)</u>
		<u>(7,127)</u>	<u>(15,092)</u>
		<u>38,476</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		7,571	2,614
Transferred to operating plant and equipment during the period / year		(3,232)	(491)
		<u>6,953</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 10% per annum (June 2005: 25 million carrying markup rate of 7.5%).			



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	March 31, 2006 (Unaudited)	June 30, 2005 (Audited)
Note		
	—Rupees in thousands—	

6. CASH AND BANK BALANCES

Cash at banks in:

- Current accounts	26,860	2,514
- Saving accounts	27,356	165,418
	54,216	167,932

Cash in hand	143	72
Cheques in hand	—	4,618
	<u>54,359</u>	<u>172,622</u>

7. CONTINGENCIES AND COMMITMENTS

7.1 (a) Contingencies

The status of the contingency which was reported in note 20.1(a) to the financial statements for the year ended June 30, 2005 has remained unchanged.

(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. 6.430 million (June 30, 2005: 1.354 million).

	March 31, 2006 (Unaudited)	June 30, 2005 (Audited)
Note		
	—Rupees in thousands—	

7.2 Commitments

Acceptances and letters of credit	46,530	9,407
Lease rentals payable during 2005-2008	216	343
Duty payable on raw material and import of trading goods	2,199	309

	Quarter ended		Nine months ended	
	March 31, 2006	March 31, 2005	March 31, 2006	March 31, 2005
	—Rupees in thousands—			

8. COST OF SALES

Cost of goods manufactured	101,152	70,694	221,847	152,999
Purchase of trading goods	8,955	11,800	29,627	19,773
Opening stock of finished goods (including trading goods)	35,288	31,108	16,142	34,338
	<u>145,395</u>	<u>113,602</u>	<u>267,616</u>	<u>207,110</u>
Closing stocks of finished goods (including trading goods)	67,052	57,603	67,052	57,603
	<u>78,343</u>	<u>55,999</u>	<u>200,564</u>	<u>149,507</u>

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9. BASIC AND DILUTED EARNINGS PER SHARE

	Quarter ended		Nine months ended	
	March 31, 2006	March 31, 2005	March 31, 2006	March 31, 2005
	—Rupees in thousands—			
Profit after taxation	18,035	9,491	28,015	15,754
	Number of shares			
Issued ordinary shares	5,460,000	5,460,000	5,460,000	5,460,000
Basic and diluted earnings per share	Rs. 3.30	Rs. 1.74	Rs. 5.13	Rs. 2.89

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:

	Quarter ended		Nine months ended	
	March 31, 2006	March 31, 2005	March 31, 2006	March 31, 2005
	—Rupees in thousands—			
Sales of goods and services	115	175	1,173	863
Purchase of goods and services	28,670	35,754	76,633	60,541
Rent, allied and other charges	974	1,092	2,556	2,454
Royalty on sale of licensed products	5,294	3,493	12,300	8,665
Insurance premium	425	327	2,473	2,762
Insurance commission	365	—	365	—
Contribution to staff retirement benefit plans	312	288	907	851
Contribution to key management personnel	1,887	1,711	5,186	5,134

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.



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11. GENERAL

- 11.1 Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison
- 11.2 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 off to the nearest thousand rupees unless otherwise stated.
- 11.4 These financial statements were authorised for issue by the Board of Directors on April 24, 2006.

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