



Notes to the Accounts (Un-audited) for the quarter ended September 30, 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 un-audited 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 International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the these quarterly financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2006.

	Quarter ended September 30, 2006	Year ended June 30, 2006
	— Rupees in thousand —	
4. OPERATING FIXED ASSETS		
Opening book value	58,031	39,487
Add: Additions during the period / year	2,015	34,760
CWIP	—	(2,614)
	<u>60,046</u>	<u>71,633</u>
Disposals and retirements during the period / year	186	7,524
Depreciation charge (Net) during the period / year	2,507	6,078
	<u>2,693</u>	<u>13,602</u>
	<u>57,353</u>	<u>58,031</u>
4.1 Details of additions during the period / year are as follows:		
Leasehold Land	—	3,402
Building	—	3,229
Plant & machinery	—	22,678
Office & Electric Equipment	—	397
Computers	34	601
Tools & Equipment	—	122
Furniture & Fixtures	6	103
Vehicles	1,975	4,228
Total additions during the period	<u>2,015</u>	<u>34,760</u>
4.2 Details of disposals / retirements (cost) during the period / year are as follows:		
Plant & Machinery	—	5,913
Computer	—	104
Vehicles	186	1,507
	<u>186</u>	<u>7,524</u>



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5. CONTINGENCIES AND COMMITMENTS

5.1 a. Contingencies

The status of the contingency which was reported in note 18.1.(a) to the financial statements for the year ended June 30, 2006 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. 1.354 million (June 30, 2006: Rs. 1.354 million).

	September 30, 2006	June 30, 2006
	— Rupees in thousand —	
5.2 Commitments		
Acceptances and letters of credit	31,333	21,256
Lease rentals payable during 2006 - 2011	844	1,136

	July- September 2006	July- September, 2005
	— Rupees in thousand —	
6. COST OF SALES		
Cost of Goods manufactured	91,201	63,008
Purchase of trading goods	1,629	9,073
Opening Stock of finished goods (including trading goods)	<u>33,178</u>	<u>16,142</u>
	126,008	88,223
Closing stock of finished goods (including trading goods)	<u>19,030</u>	<u>12,955</u>
	<u>106,978</u>	<u>75,268</u>

7. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation	<u>14,195</u>	<u>9,584</u>
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	Number of Shares	
Weighted average number of ordinary shares outstanding during the period	<u>6,552,000</u>	<u>6,552,000</u>

	Rupees	
Earnings per share - basic and diluted	<u>2.17</u>	<u>1.46</u>



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8. TRANSACTIONS WITH RELATED PARTIES

The related parties including associated undertakings comprise, local associated undertakings, trademark licensor, staff retirement funds, directors and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	July- September 2006	July- September 2005
	— Rupees in thousand —	
Sale of goods and services	301	968
Purchase of goods and services	28,250	18,574
Rent, allied and other charges	1,044	800
Royalty on sale of licensed products	6,493	4,392
Insurance premium	197	1,601
Insurance commission	127	—
Contribution to staff retirement benefit plan	419	289

Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arms length.

9. GENERAL

- 9.1 Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison.
- 9.2 Amounts have been rounded off to the nearest thousand rupees unless otherwise stated.
- 9.3 The Board of Directors of the Company authorise these financial statements for issue on October 20, 2006.


Zulfikar Ali Lakhani
Chief Executive


Tasleemuddin Ahmed Batlay
Director