

Notes to the Interim Condensed Financial Statements (Unaudited) for the quarter ended September 30, 2008

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 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 (IAS) - 34, "Interim Financial Reporting", as applicable in Pakistan.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2008.

| | September 30, 2008 | June 30, 2008 |
|------|------------------------|------------------|
| Note | (Unaudited) | (Audited) |
| | —— (Rupees in '000) —— | |

4. PROPERTY, PLANT AND EQUIPMENT

| | | |
|--|---------------|---------------|
| Operating assets | <u>82,190</u> | <u>82,390</u> |
| Movement in operating assets during the period / year | | |
| Book value at the beginning of the period / year | 82,390 | 56,266 |
| Additions during the period / year 4.1 | 2,735 | 35,276 |
| Less: Disposals during the period - at book value 4.2 | - | 1,028 |
| Depreciation charged during the period / year | <u>2,935</u> | <u>8,124</u> |
| | 2,935 | 9,152 |
| | <u>82,190</u> | <u>82,390</u> |

4.1 Additions during the period / year are as follows:

| | | |
|--|--------------|---------------|
| Building on leasehold land | - | 11,433 |
| Plant and machinery | 1,133 | 13,043 |
| Furniture and fittings | 7 | 3,168 |
| Office equipment | 28 | 817 |
| Tools and equipment | 275 | 1,633 |
| Vehicles | 1,060 | 3,075 |
| Computer and data processing equipment | 232 | 2,107 |
| | <u>2,735</u> | <u>35,276</u> |

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| | | September 30, 2008 (Unaudited) | June 30, 2008 (Audited) |
|------------------------|--|--------------------------------------|---|
| —— (Rupees in '000) —— | | | |
| 4.2 | Disposals during the period / year - at book value | | |
| | Computer and data processing equipment | - | 19 |
| | Vehicles | - | 1,009 |
| | | <u>-</u> | <u>1,028</u> |
| 5. | SHORT TERM INVESTMENTS | | |
| | Held to maturity - at amortised cost | 5.1 5,019 | 5,018 |
| | Available for sale - at fair value | 5.2 52,851 | 140,801 |
| | | <u>57,870</u> | <u>145,819</u> |
| 5.1 | Held to maturity | | |
| | This represents investment in Musharika deposit with a Modaraba, having maturity of one month with an option of roll forward and carrying mark-up @12% (June 30, 2008: 10%) per annum. | | |
| 5.2 | Available for sale | | |
| | Number of units | Name of investee | |
| | September 30, 2008 | June 30, 2008 | |
| | 1,516,529 | 1,862,527 | NAFA Cash Fund 15,661 20,072 |
| | 204,572 | 341,789 | KASB Liquid Fund 21,153 35,290 |
| | - | 38,201 | Atlas Income Fund - 20,014 |
| | 155,671 | 340,203 | Faysal Saving and Growth Fund 16,026 35,238 |
| | - | 565,203 | Pak Oman Advantage Plus Fund - 30,186 |
| | 105 | - | MCB Dynamic Cash Fund 11 - |
| | | | <u>52,851</u> <u>140,800</u> |
| 6. | SHARE CAPITAL | | |
| | Issued, subscribed and paid-up capital | | |
| | Fully paid ordinary shares of Rs. 10/- each | | |
| | Number of shares | | |
| | September 30, 2008 | June 30, 2008 | |
| | 3,900,000 | 3,900,000 | Issued for Cash 39,000 39,000 |
| | | | Issued as fully paid bonus shares |
| | 3,962,400 | 2,652,000 | Opening balance 39,624 26,520 |
| | 1,572,480 | 1,310,400 | Issued during the period/year 15,725 13,104 |
| | 5,534,880 | 3,962,400 | 55,349 39,624 |
| | <u>9,434,880</u> | <u>7,862,400</u> | <u>94,349</u> <u>78,624</u> |

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7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There were no changes in the contingencies as reported in the financial statements for the year ended June 30, 2008.

7.2 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, 2008: Rs.1.354 million).

7.3 Commitments

Commitments in respect of letters of credit amounted to Rs.155.772 million (June 30, 2008: Rs.174.555 million).

| | Quarter ended | |
|---|----------------------------|-----------------------|
| | September 30, 2008 | September 30, 2007 |
| | ———— (Rupees in '000) ———— | |
| 8. COST OF SALES | | |
| Cost of goods manufactured | 162,072 | 129,142 |
| Purchase of trading goods | 7,425 | - |
| Opening stock of finished goods (including trading goods) | 68,298 | 30,474 |
| | 237,795 | 159,616 |
| Closing stock of finished goods (including trading goods) | (76,181) | (17,669) |
| | 161,614 | 141,947 |
| 9. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED | | |
| Profit / (loss) after taxation | (26,388) | 25,440 |
| Weighted average number of ordinary shares outstanding during the period | 9,434,880 | 9,434,880 |
| Earnings / (loss) per share - basic and diluted | Rs. (2.80) | Rs. 2.70 |

Notes to the Interim Condensed Financial Statements (Unaudited) for the quarter ended September 30, 2008

10. RELATED PARTIES DISCLOSURE

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

| | September 30, 2008 | September 30, 2007 |
|---|-----------------------------------|-----------------------|
| | —— (Rupees in '000) —— | |
| Relationship | Nature of transactions / balances | |
| Group Companies | | |
| Sale of goods and services | 3,747 | 227 |
| Purchase of goods and services | 13,345 | 8,622 |
| Rent, utilities and allied services | 395 | 553 |
| Insurance premium | 3,216 | 2,125 |
| Dividend paid | 23,905 | 16,540 |
| Issue of bonus shares | | |
| (No. of shares) | 1,366 | 735 |
| Due from related parties | 3,563 | 519 |
| Due to related parties | 3,051 | 4,003 |
| Staff retirement benefits plans | | |
| Contribution to staff retirement benefits | 498 | 364 |
| Payable to provident fund | 31 | 251 |
| Key management personnel | | |
| Remuneration and benefits | 4,903 | 3,216 |
| Licensor of product in respect of which the company has exclusive trademark rights | | |
| Royalty on sale of licensed products | 8,468 | 13,206 |
| Other related parties | | |
| Purchase of goods and services | 17,133 | 9,345 |

The Company enters into transactions with related parties for the sale of its products and purchase of raw and packing materials. Services, rent and allied expenses are charged between related parties on the basis of mutually agreed terms.



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for the quarter ended September 30, 2008

September 30, 2008 September 30, 2007
— (Rupees in '000) —

11. CASH (USED IN) / GENERATED FROM OPERATIONS

| | | |
|--|-----------------|-----------------|
| Profit / (loss) before taxation | (26,388) | 39,286 |
| Adjustment for non cash charges and other items: | | |
| Depreciation | 2,935 | 3,220 |
| Financial charges | 9,004 | 371 |
| | <u>(14,449)</u> | <u>42,877</u> |
| (Increase) / decrease in current assets | | |
| Stores | 15 | 153 |
| Stock in trade | (12,412) | 51,953 |
| Trade debts | 6,996 | 2,715 |
| Loan and advances | (360) | (3,485) |
| Trade deposits and short term prepayments | (5,175) | (3,067) |
| Other receivables | 117 | 25 |
| | <u>(10,819)</u> | <u>48,294</u> |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | (55,605) | (89,983) |
| Sales tax and special excise duty payable | (3,290) | 2,948 |
| | <u>(58,895)</u> | <u>(87,035)</u> |
| Cash (used in) / generated from operations | <u>(84,163)</u> | <u>4,136</u> |

12. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors on October 27, 2008.

13. GENERAL

No material corresponding period figures have been rearranged, however, earnings per share have been restated as disclosed in note 9 to the financial statements.

Amounts have been rounded off to the nearest thousand rupees.

Zulfiqar Ali Lakhani
Chief Executive

M. A. Qadir
Director