



Notes to the Interim Condensed Financial Statements (Unaudited) for the nine months ended March 31, 2010

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 consumer durables.

2. BASIS OF PRESENTATION

These interim condensed 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 (IAS) - 34, "Interim Financial Reporting", as applicable in Pakistan. These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2009, except for the adoption of following new standards:

- 3.1 IAS-1 (revised) "Presentation of Financial Statements" separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the comprehensive income it presents all items of recognized income and expense, either in one single statement, or in two linked statements. The Company has elected to present two statements.
- 3.2 IFRS-8 requires disclosure of information about the Company's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Company. Adoption of this standard did not have any effect on the financial position or performance of the Company. Additional disclosures about each of the operating segments are shown in Note 16, including revised comparative information.
- 3.3 During the period, the Company has changed its accounting policy for borrowing costs. In accordance with the revised policy, borrowing costs directly attributable to acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) are capitalized as part of the cost of that asset. Previously, all borrowing costs were charged directly to the profit and loss account. This change has been made to comply with the requirements of IAS 23 (Amendments) 'Borrowing Costs' which became effective January 01, 2009. The change in policy has not impacted the financial statements of the Company as it does not have any borrowing costs directly attributable to the acquisition of or construction of qualifying assets.

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 the first six months due to the summer season and consequent increase in the demand of the Company's product.



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	March 31, 2010 Note (Unaudited)	June 30, 2009 (Audited)
—— (Rupees in '000) ——		
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets		
Book value at the beginning of the period / year	105,940	82,390
Additions during the period / year	5.1 1,846	37,358
Less:		
Disposals during the period - at book value	5.2 1,416	1,377
Depreciation charged during the period / year	9,162	12,431
	<u>10,578</u>	<u>13,808</u>
	<u>97,208</u>	<u>105,940</u>
5.1 Additions during the period / year		
Leasehold land	-	30,224
Plant & machinery	-	1,930
Furniture & fittings	-	1,103
Office & electrical equipment	215	1,176
Tools & equipment	-	38
Vehicles	1,427	2,374
Computer and data processing equipment	204	513
	<u>1,846</u>	<u>37,358</u>
5.2 Disposals during the period / year - at book value		
Plant & machinery	37	-
Furniture & fittings	595	1,102
Office & electrical equipment	201	-
Tools & equipment	32	-
Vehicles	551	275
	<u>1,416</u>	<u>1,377</u>
6. INTANGIBLE ASSET		
Computer software	<u>404</u>	<u>586</u>
7. STOCK-IN-TRADE		
Raw material	54,407	104,094
Packing material	30,276	36,469
Work in process	335	4,438
Finished goods	57,542	62,899
Trading goods	15,274	22,235
	<u>157,834</u>	<u>230,135</u>
8. SHORT TERM INVESTMENTS		
Held to maturity - at amortised cost	3,052	60,598
Available for sale - at fair value	-	-
	<u>3,052</u>	<u>60,598</u>



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9. DUTY REFUNDS DUE FROM GOVERNMENT

During the year ended June 30, 2009, the Federal Government issued SRO 787(1)/2008 dated 26-07-2008 under Section 19 of Customs Act, 1969 (the Act) whereby Custom duty on import of crystalline sugar was made zero as against 25% given in First Schedule to the Act. The Company imported crystalline sugar from 26 July 2008 to 15 October 2008 and paid duty of Rs. 17.011 million and Rs. 3.986 million at the rate 25% without availing the benefit of subject SRO removing the duty on sugar to zero. Subsequently, the Company filed refunds claims with the custom authorities. The refund claims were rejected by the Additional Collectorate on the ground that the incidence of duty and taxes has been passed on to end consumers by incorporating it in the cost of the products.

The Company filed an appeal before the Collector of Customs, Sales Tax & Federal Excise, Appeals, Karachi, against the orders passed by the Additional Collectorate of Customs. During the period, the Collectorate(Appeals), vide order dated July 15, 2009 upheld the decision of the Additional Collectorate and rejected the refund claims of the Company on the same grounds. The Company has filed this case in the Appellate Tribunal. The management believes, that on the merit of the case and as advised by its consultant, the issue raised by the Custom authorities is without any basis and the ultimate decision of refund will be in favour of the Company. Accordingly, the Company had recognised the above refund claims in the financial statements for the year ended June 30, 2009.

10. SHARE CAPITAL

Issued, subscribed and paid-up capital

Fully paid ordinary shares of Rs. 10/- each

Number of shares		March 31, 2010 (Unaudited)	June 30, 2009 (Audited)
March 31, 2010	June 30, 2009	— (Rupees in '000) —	
3,900,000	3,900,000	39,000	39,000
Issued for / as			
Cash			
Fully paid bonus shares			
5,534,880	3,962,400	55,349	39,624
-	1,572,480	-	15,725
5,534,880	5,534,880	55,349	55,349
9,434,880	9,434,880	94,349	94,349

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There were no major changes in the contingencies as reported in the financial statements for the year ended June 30, 2009.



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11.2 Guarantees

There were no major changes in the guarantees as reported in the financial statements for the year ended June 30, 2009.

March 31, 2010 (Unaudited)	June 30, 2009 (Audited)
—— (Rupees in '000) ——	

11.3 Commitments

Acceptance and letter of credit	109,906	69,871
Foreign purchase commitment	98,645	44,644

Nine months ended		Quarter ended	
March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
—— (Rupees in '000) ——			

12. COST OF SALES

Cost of goods manufactured	452,195	407,771	172,498	209,837
Purchase of trading goods	8,079	13,168	2,642	4,161
Opening stock of finished goods (including trading goods)	85,134	68,299	67,279	73,817
	<u>545,408</u>	<u>489,238</u>	<u>242,419</u>	<u>287,815</u>
Closing stock of finished goods (including trading goods)	(72,816)	(155,495)	(72,816)	(155,495)
	<u>472,592</u>	<u>333,743</u>	<u>169,603</u>	<u>132,320</u>

Nine months ended	
March 31, 2010	March 31, 2009
—— (Rupees in '000) ——	

13. TAXATION

Current		
- for the period	3,219	338
- for prior year	5,668	4,099
	<u>8,887</u>	<u>4,437</u>
Deferred	(7,827)	(603)
	<u>1,060</u>	<u>3,834</u>



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Nine months ended		Quarter ended	
March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009

(Rupees in '000)

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

Profit / (loss) after taxation	(24,088)	(50,221)	2,137	(60)
(Number of shares)				
Weighted average number of ordinary shares	9,434,880	9,434,880	9,434,880	9,434,880
Earnings / (loss) per share	Rs.(2.55)	Rs.(5.32)	Rs.0.23	Rs.(0.01)

15. 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:

Relationship	Nature of transactions / balances	Nine months ended	
		March 31, 2010	March 31, 2009

(Rupees in '000)

Group companies			
	Sale of goods and services	11,674	23,870
	Purchase of goods and services	46,805	33,870
	Rent, utility and allied expenses	1,630	1,971
	Insurance premium and commission	3,163	5,375
	Dividend paid	-	23,905
	Issue of bonus shares (No. of shares)	-	1,365,972
	Due from related parties	933	2,499
	Due to related parties	5,508	59,626
Staff retirement benefits plans			
	Contribution to staff retirement benefits plans	3,075	2,917
	Payable to provident fund	158	323
Key management personnel			
	Remuneration and benefits	15,820	13,105
Licensor of product in respect of which the company has exclusive trademark rights			
	Royalty on sale of licensed products	22,602	16,081
Other related parties			
	Purchase of goods and services	71,486	69,858



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

	Nine months ended	
	March 31, 2010	March 31, 2009
	———— (Rupees in '000) ————	
16. CASH USED IN OPERATIONS		
Loss before taxation	(23,028)	(46,387)
Adjustment for non cash charges and other items:		
Depreciation	9,162	9,261
Amortisation	182	81
Gain on sale of property, plant & equipment	(8)	447
Finance costs	1,101	5,187
	<u>(12,591)</u>	<u>(31,411)</u>
(Increase) / decrease in current assets		
Stores	(265)	(786)
Stock in trade	72,302	(57,394)
Trade debts	62,904	14,059
Loan and advances	694	(5,203)
Trade deposits and short term prepayments	7,286	(2,417)
Other receivables	(7,691)	(17,878)
Markup accrued	(51)	-
	135,179	(69,619)
Decrease in Current liabilities		
Trade and other payables	(218,630)	(49,347)
Sales tax and special excise duty payable	15,301	(10,633)
	<u>(203,329)</u>	<u>(59,980)</u>
Cash used in operations	<u>(80,741)</u>	<u>(161,010)</u>

17. SEGMENT REPORTING

For management purposes, the Company is organized into business units based on their products, and has two reportable operating segments as follows:

Types of segments	Nature of business
Food	Manufacture, market and sell powdered beverages
Consumer durables	Import, market and sell watches

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the financial statements.



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The following table presents revenue and profit information regarding the Company's operating segments for the nine months ended March 31, 2010 and 2009 respectively (unaudited):

March 31, 2010	Food	Consumer durables	Total
	(Rupees in '000)		
Sales	<u>721,036</u>	<u>22,175</u>	<u>743,211</u>
Profit (loss) before tax and unallocated expenses	(23,353)	(1,082)	(24,435)
Unallocated corporate expenses:			
Other operating expenses			(3,402)
Other operating income			5,910
Finance cost			(1,101)
Taxation			(1,060)
Profit after taxation			<u>(24,088)</u>
March 31, 2009	Food	Consumer durables	Total
	(Rupees in '000)		
Sales	<u>526,811</u>	<u>24,817</u>	<u>551,628</u>
Profit (loss) before tax and unallocated expenses	(35,014)	(3,319)	(38,333)
Unallocated corporate expenses:			
Other operating expenses			(9,739)
Other operating income			6,872
Finance cost			(5,187)
Taxation			(3,834)
Profit after taxation			<u>(50,221)</u>

The following table present segment assets of the Company's operating segments as at March 31, 2010 and June 30, 2009:

	Food	Consumer durables	Total
	(Rupees in '000)		
Segment assets - March 31, 2010	<u>439,606</u>	<u>22,098</u>	<u>461,704</u>
Segment assets - June 30, 2009	<u>656,959</u>	<u>43,575</u>	<u>700,534</u>

Segment assets do not include tax and deferred tax as these assets are managed on Company basis.



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18. DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements were authorised for issue by the Board of Directors on April 23, 2010.

19. GENERAL

19.1 No material corresponding period figures have been rearranged.

19.2 Amounts have been rounded off to the nearest thousand rupees.

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Zulfiqar Ali Lakhani
Chief Executive

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

Tasleemuddin Ahmed Batlay
Director