



## Notes to the Financial Statements (Un-audited) for the period ended March 31, 2007

### 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 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, 2006.

March 31, 2007 (Un-audited)	June 30, 2006 (Audited)
— Rupees in thousand	—

### 4. FIXED ASSETS - PROPERTY, PLANT AND EQUIPMENT

Operating property, plant and equipment	4.1	53,805		58,031
Capital work in progress	4.2	637		—
		54,442		58,031

#### 4.1 Operating property, plant and equipment

Book value at the beginning of the period / year		58,031		36,873
Additions to tangible fixed assets	4.1.1	4,105		34,758
Less: Disposal during the period - at book value	4.1.2	90		5,060
Depreciation charged during the period / year		8,241		8,540
		8,331		3,600
		53,805		58,031

#### 4.1.1 Addition during the period / year

Leasehold land		—		3,401
Building on leasehold land		—		3,229
Plant & machinery		76		22,678
Furniture and fittings		6		166
Office equipment		—		334
Tools and equipment		115		121
Vehicles		3,334		4,228
Computer and data processing equipment		574		601
		4,105		34,758



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for the period ended March 31, 2007

	March 31, 2007 (Un-audited)	June 30, 2006 (Audited)
	— Rupees in thousand —	
4.1.2 Disposals during the period / year - at book value		
Plant & machinery	-	4,013
Vehicles	90	977
Computer and data processing equipment	-	70
	<u>90</u>	<u>5,060</u>
4.2 Capital work in progress		
Balance at the beginning of the period / year	-	-
Addition during the period / year	637	-
Transferred to operating plant and equipment during the period / year	-	-
	<u>637</u>	<u>-</u>
5. SHORT TERM INVESTMENTS		
Available-for-sale	5.1 78,162	-
Held-to-maturity	5.2 25,000	25,000
	<u>103,162</u>	<u>25,000</u>
5.1 Available-for-sale investment - at fair value		
KASB Liquid Fund	20,935	-
Atlas Income Fund	20,885	-
UTP Income Fund	36,342	-
	<u>78,162</u>	<u>-</u>
5.2 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 2006: 10% per annum).		
6. CASH AND BANK BALANCES		
Cash at banks in:		
Current accounts	985	19,643
Saving accounts	3,520	200,135
	4,505	219,778
Cash in hand	437	140
Cheques in hand	-	10,720
	<u>4,942</u>	<u>230,638</u>
7. CONTINGENCIES AND COMMITMENTS		
7.1 (a) Contingencies		
There were no major changes in the contingencies as reported in the financial statements for the year ended June 30, 2006.		



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(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).

March 31,      June 30,  
2007              2006  
(Un-audited)    (Audited)  
— Rupees in thousand —

7.2 Commitments

Acceptances and letters of credit	42,009	21,569
Lease rentals payable	331	1,136
Duty payable on raw material and import of trading goods	8,759	5,553

Quarter ended                      Nine months ended  
March 31,      March 31,      March 31,      March 31,  
2007              2006              2007              2006  
— Rupees in thousand —

8. COST OF SALES

Cost of goods manufactured	155,654	101,152	322,454	221,847
Purchases of trading goods	(91)	8,955	8,757	29,627
Opening stock of finished goods (including trading goods)	51,233	35,288	33,176	16,142
	206,796	145,395	364,387	267,616
Closing stock of finished goods (including trading goods)	100,639	67,052	100,639	67,052
	106,157	78,343	263,748	200,564

9. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation	5,287	18,035	15,819	28,015
	— Number of shares —			
Issued ordinary shares-(restated)	6,552,000	6,552,000	6,552,000	6,552,000
Earnings per share - (restated)	Re. 0.81	Rs. 2.75	Rs. 2.41	Rs. 4.28



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### 10. 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	Quarter ended		Nine months ended	
		March 31, 2007	March 31, 2006	March 31, 2007	March 31, 2006
		Rupees in thousand			
Group Companies	Sale of goods and services	821	115	1,309	1,713
	Purchase of goods and services	10,572	3,807	19,149	11,467
	Rent and allied expenses	891	974	3,042	2,556
	Insurance premium	900	425	3,725	2,473
	Insurance commission	-	365	492	365
	Due from related parties	360	68	360	68
	Due to related parties	5,556	2,159	5,556	2,159
Staff retirement benefit plans	Contribution to staff retirement benefit	572	312	1,431	907
	Payable to provident fund	155	104	155	104
Key management personnel	Remuneration and benefits	2,966	1,887	8,965	5,186
Licensor of product in respect of which the Company has exclusive trademark rights	Royalty on sale of licensed products	6,295	5,294	15,407	12,300
Other related parties	Purchase of goods and services	25,611	24,863	59,756	65,166

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

### 11. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors on April 24, 2007.

### 12. GENERAL

- 12.1 Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison.
- 12.2 No material corresponding period figures have been rearranged, however, earnings per share have been restated as disclosed in note 9 to the financial statements.
- 12.3 Amounts have been rounded off to the nearest thousand rupees unless otherwise stated.

  
Zulfiqar Ali Lakhani  
Chief Executive

  
Tasleemuddin Ahmed Batlay  
Director