

## Selected Notes To The Condensed Interim Financial Statements

for the half year ended September 30, 2007 (Un-audited)

1. This interim financial information is un-audited and is being submitted to the shareholders, as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges.
2. The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended March 31, 2007.
3. This condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and has been reviewed by the auditors of the company as required by the Code of Corporate Governance.

		September 30, 2007	March 31, 2007
	Note	(Rupees in thousand)	
<b>4. Property, plant and equipment</b>			
Opening book value		4,082,955	1,051,723
Add: Additions during the period	-note 4.1	<u>85,499</u>	<u>3,532,506</u>
		4,168,454	4,584,229
Less: Disposals during the period (at book value)	-note 4.2	<u>(6,209)</u>	<u>(43,462)</u>
Depreciation charged during the period		<u>(354,310)</u>	<u>(457,812)</u>
		<u>(360,519)</u>	<u>(501,274)</u>
		<u><u>3,807,935</u></u>	<u><u>4,082,955</u></u>
4.1 Following is the detail of additions during the period:			
- Buildings on freehold land		2,505	1,565,704
- Plant and machinery		58,510	1,864,958
- Furniture and office equipment		4,041	38,802
- Vehicles		12,307	30,458
- Tools and equipments		3,243	25,225
- Computers		4,893	7,359
		<u>85,499</u>	<u>3,532,506</u>
4.2 Following is the detail of disposals during the period:			
- Building on freehold land		-	11,799
- Plant and machinery		-	23,266
- Furniture and office equipment		14	137
- Vehicles		6,161	4,731
- Tools and equipments		34	3,440
- Computers		-	89
		<u>6,209</u>	<u>43,462</u>

	September 30 2007	March 31 2007
	(Rupees in thousand)	
<b>5. Long term finances - secured</b>		
Opening balance	2,541,667	1,000,000
Add: Disbursements during the period	-	2,750,000
	<u>2,541,667</u>	<u>3,750,000</u>
Less: Repaid during the period	(2,041,667)	(1,208,333)
	500,000	2,541,667
Less: Current portion shown under current liabilities	(333,333)	(583,333)
Closing balance	<u>166,667</u>	<u>1,958,334</u>

**6. Contingencies and Commitments**

**6.1 Contingencies**

There is no significant change in contingencies from the preceeding annual published accounts of the company for the year ended March 31, 2007.

**6.2 Commitments in respect of**

- i) Letters of credit and purchase commitments other than capital expenditure Rs. 192.65 million (March 31, 2007: Rs. 89.65 million).
- ii) Letters of credit and purchase commitments for capital expenditure Rs. 0.96 million (March 31, 2007: Rs. 11.73 million).
- iii) Letters of guarantees issued in favour of collector of customs Rs. Nil (March 31, 2007: Rs. 13.55 million)

	July to September 2007      2006		April to September 2007      2006	
	(Rupees in thousand)		(Rupees in thousand)	
<b>7. Sales</b>				
Sales - Own manufactured goods	4,191,584	4,746,165	9,331,398	9,874,245
Less: Sales Tax & special excise duty	(578,113)	(619,143)	(1,248,488)	(1,287,697)
Commission to dealers	(89,381)	(99,059)	(199,270)	(215,153)
	<u>3,524,090</u>	<u>4,027,963</u>	<u>7,883,640</u>	<u>8,371,395</u>
Sales - Trading goods	205,743	240,074	409,090	376,083
Less: Sales tax	(26,843)	(31,308)	(53,373)	(49,048)
Commission to dealers	(710)	(1,495)	(1,450)	(1,855)
	<u>178,190</u>	<u>207,271</u>	<u>354,267</u>	<u>325,180</u>
	<u>3,702,280</u>	<u>4,235,234</u>	<u>8,237,907</u>	<u>8,696,575</u>

	July to September		April to September	
	2007	2006	2007	2006
	(Rupees in thousand)		(Rupees in thousand)	
<b>8. Cost of sales</b>				
Raw material consumed	3,526,962	3,690,118	7,016,698	8,541,083
Stores and spares consumed	10,396	10,986	16,533	18,235
Salaries, wages and benefits	44,399	67,170	84,672	123,000
Fuel and power	11,056	12,144	21,851	22,470
Insurance	7,801	6,287	15,094	11,914
Travelling and vehicle running	15,553	19,670	30,134	36,786
Freight and handling	4,731	3,829	9,111	13,232
Repairs and maintenance	2,954	8,851	6,005	13,606
Technical assistance	6,287	8,692	11,318	24,552
Depreciation on property, plant & equipment	168,404	73,639	336,325	100,892
Royalty -note 8.1	74,831	80,681	166,541	167,741
Amortization - on intangible assets	4,797	10,252	15,298	16,537
Others expenses	3,131	4,431	6,989	9,184
	<u>3,881,302</u>	<u>3,996,750</u>	<u>7,736,569</u>	<u>9,099,232</u>
Opening stock of work-in-process	172,573	75,276	173,408	76,086
Closing stock of work-in-process	(191,453)	(180,186)	(191,453)	(180,186)
	<u>(18,880)</u>	<u>(104,910)</u>	<u>(18,045)</u>	<u>(104,100)</u>
Cost of goods manufactured	3,862,422	3,891,840	7,718,524	8,995,132
Less: Own work capitalized	27,919	3,305	37,842	9,476
	<u>3,834,503</u>	<u>3,888,535</u>	<u>7,680,682</u>	<u>8,985,656</u>
Opening stock of finished goods	294,178	2,097,233	672,368	1,071,827
Closing stock of finished goods	(724,557)	(1,961,747)	(724,557)	(1,961,747)
	<u>(430,379)</u>	<u>135,486</u>	<u>(52,189)</u>	<u>(889,920)</u>
	<u>3,404,124</u>	<u>4,024,021</u>	<u>7,628,493</u>	<u>8,095,736</u>
Cost of sales - Trading goods	158,176	193,577	312,694	298,286
	<u>3,562,300</u>	<u>4,217,598</u>	<u>7,941,187</u>	<u>8,394,022</u>

8.1 Royalty is inclusive of federal excise duty of Rs. 7.9 million (2006: Nil)

	<b>April to September</b>	
	<b>2007</b>	<b>2006</b>
	<b>(Rupees in thousand)</b>	
<b>9. Transactions with associated companies / related parties</b>		
Sale of goods	90,750	41,427
Purchase of goods	3,929,640	4,647,680
Purchase of property, plant & equipment	25,026	416,072
Purchase of intangible assets	-	60,600
Insurance premium	80,817	99,601
Technical assistance fee	26,076	86,411
Royalty	158,483	167,639
Profit on bank accounts	9,032	-
	<b>September 30</b>	<b>March 31</b>
	<b>2007</b>	<b>2006</b>
	<b>(Rupees in thousand)</b>	
<b>Period end balances</b>		
Receivable from related parties	30,749	27,351
Payable to related parties	539,407	543,101
	<b>April to September</b>	
	<b>2007</b>	<b>2006</b>
	<b>(Rupees in thousand)</b>	
<b>10. Cash generated from operations</b>		
Profit before taxation	58,767	72,929
Adjustment for:		
- Depreciation on property, plant & equipment	354,310	116,751
- Profit on disposal of property, plant and equipment	(953)	(516)
- Assets written off	19	196
- Profit on bank deposits, investments, loans to employees and advances to suppliers	(12,946)	(22,302)
- Dividend	-	(12,507)
- Finance cost	125,475	127,583
- Provision for employee's retirement benefits & other obligations	12,521	6,716
- Provision for custom duties	-	12,003
- Amortization of intangible assets	15,611	16,680
- Royalty	158,610	167,741
- Worker's profit participation fund	3,156	3,920
- Worker's welfare fund	1,199	1,556
Working capital changes	- note 10.1 (126,816)	(578,083)
	<u>588,953</u>	<u>(87,333)</u>

	April to September	
	2007	2006
	<u>(Rupees in thousand)</u>	
<b>10.1 Working capital changes</b>		
<b>(Increase)/decrease in current assets</b>		
- Stores and spares	(9,996)	252
- Stock in trade	138,211	(1,026,013)
- Trade & other receivables	(134,253)	(40,101)
<b>(Decrease)/increase in current liabilities</b>		
- Trade and other payables	(120,778)	487,779
	<u>(126,816)</u>	<u>(578,083)</u>
<b>11. Cash and cash equivalents</b>		
Cash and bank balances	32,522	12,479
Short term running finance	(1,163,757)	(979,084)
	<u>(1,131,235)</u>	<u>(966,605)</u>

**12. Date of authorization for issue**

These financial statements were authorized for issue on November 20, 2007 by the Board of Directors of the company.

**13. Corresponding figures**

Corresponding figures, have been re-arranged, where necessary, for the purpose of comparison. However no significant re-arrangements have been made.



**Yusuf H. Shirazi**  
Chairman



**Atsushi Yamazaki**  
Chief Executive