

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2005

1. STATUS AND NATURE OF BUSINESS

The company was incorporated on 25 August 1991 as a private limited company under the Companies Ordinance, 1984. Subsequently it was converted into public limited on April 29, 1992. It is quoted at Karachi Stock Exchange. The principal activity of the company is manufacture and sale of Poly Ethylene Terephthalat (PET) bottles. Its two manufacturing facilities are located in the province of Sindh at Karachi and in the province of NWFP at Hattar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities & Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.1.2 During the year, the SECP substituted the Fourth Schedule to the Companies Ordinance, 1984, which is effective from the financial year ending on or after July 5, 2004. The Company has accordingly change its dividend recognition policy. Dividend proposed at year end is recognized upon approval by the shareholders in the Annual General Meeting of the Company.

2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention, except that certain fixed assets have been included at revalued amounts, certain exchange elements have been incorporated in the cost of the relevant assets and staff retirement benefits have been recognized at values determined by actuary.

2.3 Employees' retirement benefits

The employees retirement benefits comprises of Gratuity and Provident fund schemes.

The gratuity scheme is unfunded and covers those permanent employees & management staff of the Company who have completed prescribed qualifying period of service. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation.

An actuarial valuation of all defined benefit schemes is conducted at the end of every year. The valuation uses the Projected Unit Credit method. Actuarial (unrecognized) gains and losses are amortized over the expected average remaining working lives of employees (note # 6.1).

During the year, the Company has introduced Provident fund scheme for permanent employees with the approval of the Commissioner of Income Tax.

2.4 Taxation

Current

Provision for current taxation is based on taxable income at current tax rate after taking into account tax credits, rebates and exemptions available, if any, or half percent of the turnover, whichever is higher.

Deferred

Deferred tax is provided using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the current rates of taxation.

The Company recognises a deferred tax asset to the extent it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Further the Company recognises deferred tax asset / liability on deficit / surplus on revaluation of fixed assets which is adjusted against the related deficit / surplus.

2.5 Operating fixed assets

- Owned assets

These are stated at cost less accumulated depreciation and impairment loss, if any, except for certain fixed assets that are shown at revalued amounts. Depreciation charge is based on methods and rates as specified in note 14. Depreciation on addition is charged from the month in which the asset is put to use and on disposals up to the month of disposal.

Incremental depreciation charged for the period on revalued assets is transferred from surplus on revaluation of fixed assets to retained earnings (unappropriated profit) during the current year.

Maintenance and normal repairs are charged to income as and when incurred; major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to profit and loss account.

- Leased assets

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of the leased assets. The related obligation under the lease are accounted for as liabilities. Depreciation charge is based on rates and method as specified in note # 15.

The finance charge is calculated at the rate implicit in the lease.

2.6 Borrowing cost

The borrowing cost is recognized as an expense in the period in which they are incurred, except borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of the cost of that asset.

2.7 Spares & loose tools

These are valued on moving average cost. Items in transit are valued at cost comprising invoice values and other charges paid thereon upto the balance sheet date.

2.8 Stock in trade

These are valued at lower of cost and net realisable value. The cost is computed by using the following methods :

| | |
|----------------------------|---|
| - Raw and packing material | At moving average cost |
| - Work in process | At average material cost including direct labour and proportionate manufacturing overheads. |
| - Finished goods | At actual manufacturing cost. |

Items in-transit are valued at cost comprising invoice values plus other charges incurred thereon upto the date of balance sheet.

Net realisable values signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the same.

2.9 Trade debts

These are stated at net of provision for doubtful debts. Known bad debts are written off and provision is made against the debts considered doubtful.

2.10 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances.

2.11 Foreign Currency Translation

Foreign currency translations during the year are recorded at the exchange rate ruling on the transaction date. Monetary assets / liabilities at the year end are translated at official rate ruling on the balance sheet date.

2.12 Financial Instruments

Financial assets

The Company's principal financial assets are cash & bank balances, trade debtors and advances.

Trade debtors are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Significant financial liabilities include long term loans, finance lease obligation, short term finances, creditors & other liabilities. These are stated at nominal values.

2.13 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognised amounts and either to settle on a net basis or to realise the asset and settle liability simultaneously.

2.14 Provisions.

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.15 Revenue recognition

Sales are recorded on dispatch of goods to the customers.

2.16 Segment reporting

Segmentation is based on geographical basis. Administration and selling expenses are allocated on the basis of net sales value of each segment.

| | 2005 Rupees | 2004 Rupees |
|---|--------------------|--------------------|
| 3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL | | |
| Paid in cash | | |
| 4,554,100 (2004: 4,554,100) Ordinary shares of Rs. 10/- each | 45,541,000 | 45,541,000 |
| 5,708,564 (2004: Nil) Ordinary shares of Rs. 10/- each issued as Right shares | 57,085,640 | - |
| Bonus shares | | |
| 4,008,746 (2004: 1,154,464) Ordinary shares of Rs. 10/- each issued as bonus shares | 40,087,460 | 11,544,640 |
| | <u>142,714,100</u> | <u>57,085,640</u> |
| 4. SURPLUS ON REVALUATION OF FIXED ASSETS | | |
| Balance as at July 01 | 129,181,416 | 42,104,097 |
| Add : Surplus arising on revaluation during the year | - | 141,337,002 |
| | <u>129,181,416</u> | <u>183,441,099</u> |
| Less : Deficit on revaluation adjusted during the year | - | (484,505) |
| | <u>129,181,416</u> | <u>182,956,594</u> |
| Related deferred taxation | - | (49,467,951) |
| | <u>129,181,416</u> | <u>133,488,643</u> |
| Less: Transferred to unappropriated profit on account of incremental depreciation for the year net of deffered taxation | (4,224,506) | (4,307,228) |
| | <u>124,956,910</u> | <u>129,181,416</u> |
| 5. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE | | |
| Opening balance | 2,439,335 | 3,740,581 |
| Obtained during the year | 5.1 49,996,002 | 560,000 |
| | <u>52,435,337</u> | <u>4,300,581</u> |
| Paid during the year | (3,079,763) | (1,861,246) |
| | <u>49,355,574</u> | <u>2,439,335</u> |
| Less: Current portion shown under current liabilities | 12 (12,850,465) | (644,839) |
| | <u>36,505,109</u> | <u>1,794,496</u> |

5.1 This includes Plant & Machinery imported, sale and lease back during the year as a part of expansion in the existing production facilities at Hattar. (refer note # 8).

The future minimum lease payments and the period in which they become due are:

| | 2005 | | 2004 | |
|--|------------------------|-------------------|------------------------|------------------|
| | Minimum lease payments | Present value | Minimum lease payments | Present value |
| | Rupees | Rupees | Rupees | Rupees |
| Within one year | 16,696,286 | 12,850,465 | 851,288 | 644,835 |
| After one year but not more than five years | 40,411,554 | 36,505,109 | 1,980,065 | 1,794,500 |
| Total minimum lease payments | 57,107,840 | 49,355,574 | 2,831,353 | 2,439,335 |
| Less : Amount representing financial charges | (7,752,266) | - | (392,018) | - |
| Present value of minimum lease payments | 49,355,574 | 49,355,574 | 2,439,335 | 2,439,335 |
| Less : Current portion | (12,850,465) | (12,850,465) | (644,839) | (644,839) |
| | 36,505,109 | 36,505,109 | 1,794,496 | 1,794,496 |

Finance lease - Significant terms & conditions

| Leasing Company | Principal (Rupees) | Instalments Payment | Number of Instalments | Commencement date | Implicit rate of finance per annum | Lease Rental (Rupees) |
|-----------------------------|--------------------|---------------------|-----------------------|-------------------|------------------------------------|-----------------------|
| Faysal Bank Ltd. | 565,000 | Monthly | 60 | 01st Dec 2001 | 12.00% | 11,398 |
| Faysal Bank Ltd. | 340,000 | Monthly | 60 | 15th Dec 2001 | 12.00% | 6,821 |
| Faysal Bank Ltd. | 825,000 | Monthly | 60 | 01st Jan 2002 | 12.00% | 16,543 |
| Faysal Bank Ltd. | 599,000 | Monthly | 60 | 01st Jan 2002 | 12.00% | 12,011 |
| National Dev. Leasing Corp. | 590,000 | Monthly | 60 | 31st Dec 2002 | 14.00% | 12,215 |
| Faysal Bank Ltd. | 560,000 | Monthly | 60 | 01st April 2004 | 7.75% | 10,094 |
| Faysal Bank Ltd. | 1,580,000 | Monthly | 60 | 01st July 2004 | 7.75% | 28,479 |
| Faysal Bank Ltd. | 519,000 | Monthly | 36 | 01st October 2004 | 10.00% | 14,540 |
| Faysal Bank Ltd. | 355,000 | Monthly | 48 | 01st October 2004 | 10.00% | 7,748 |
| Faysal Bank Ltd. | 355,000 | Monthly | 48 | 01st October 2004 | 10.00% | 7,748 |
| Askari Leasing Ltd. | 30,000,000 | Monthly | 36 | 01st April 2005 | 9.50% | 864,014 |
| Atlas Investment Bank | 15,900,000 | Quarterly | 16 | 01st May 2005 | 10.82% | 1,113,695 |
| Habib Bank Ltd. | 1,287,000 | Monthly | 60 | 05th May 2005 | 9.50% | 28,670 |

The Company intends to exercise the option to purchase the leased assets upon completion of the lease period. There is no restriction on lease assets.

| | | 2005 RUPEES | 2004 RUPEES |
|--|-----|---------------------------|--------------------------|
| 6. DEFERRED LIABILITY | | | |
| Staff gratuity | 6.1 | 8,007,000 | 6,746,000 |
| Deferred taxation | | <u>93,015,099</u> | <u>73,387,236</u> |
| | | <u>101,022,099</u> | <u>80,133,236</u> |
| 6.1 Reconciliation of Payable to Defined Benefit Plan | | | |
| Present Value of Defined Obligation | | 12,174,000 | 8,141,000 |
| Net Acturial (Losses) not Recognized | | <u>(4,167,000)</u> | <u>(1,395,000)</u> |
| | | <u>8,007,000</u> | <u>6,746,000</u> |
| Movement in net liability recognized | | | |
| Opening net liability | | 6,746,000 | 3,403,000 |
| Expenses recognised | | 1,910,000 | 4,242,000 |
| Benefits paid during the year | | <u>(649,000)</u> | <u>(899,000)</u> |
| Closing net liability | | <u>8,007,000</u> | <u>6,746,000</u> |
| Charge for Defined Benefit Plan | | | |
| Current Service Cost | | 1,133,000 | 698,000 |
| Interest Cost | | 733,000 | 282,000 |
| Vested past service cost | | - | 3,246,000 |
| Acturial losses recognized | | <u>44,000</u> | <u>16,000</u> |
| | | <u>1,910,000</u> | <u>4,242,000</u> |

These figures are based on the latest actuarial valuation as on June 30, 2005. The valuation uses the projected Unit Credit method. Actuarial gains and losses are amortised over the expected future service of current members.

The discount rate taken as 10 per cent per annum. Salary inflation assumed to average 10% per annum over the future working lives of current employees and management.

| | | 2005 RUPEES | 2004 RUPEES |
|---|-----|-----------------|---------------------|
| 7. REDEEMABLE CAPITAL - NON PARTICIPATORY | | | |
| Opening Balance | | - | 32,039,246 |
| Less : Reversal of liability | | - | <u>(8,318,749)</u> |
| | | - | 23,720,497 |
| Less : Paid during the year | 7.1 | - | <u>(23,720,497)</u> |
| | | - | - |
| Less: Current portion shown under current liabilities | | - | - |
| | | - | - |
| | | <u>-</u> | <u>-</u> |

7.1 In pursuance of the order of Honorable Sind High Court, the company has settled the agreed liability by repayment of Rs. 23,720,497/- to Bankers Equity Limited (BEL). This results in reversal of the principal of Rs. 8,318,749 and mark up of Rs. 13,154,409/- (refer note # 30).

7.2 Security

The above finance is secured by way of mortgage / charge over all assets movable as well as immovable including uncalled capital, promissory notes and undertakings from the directors of the Company and deposit of sponsors shares with Bankers Equity Limited. However, subsequent to the balance sheet date, the charges against above finance have been released by the Bankers Equity Limited.

8. LONG TERM LOANS - SECURED

| Particular | Askari Commercial Bank Ltd. | | | | Habib Bank Ltd. Demand Finance | Total | |
|--|-----------------------------|---------------|---------------|---------------|-----------------------------------|--------------|--------------|
| | Term Finance | Term Finance1 | Term Finance2 | Term Finance3 | | 2005 | 2004 |
| Opening Balance | 101,330,000 | 21,633,333 | 68,941,830 | - | - | 191,905,163 | 111,330,000 |
| Obtained during the year | - | - | 4,009,902 | 60,000,000 | 60,000,000 | 124,009,902 | 92,541,830 |
| Total loan payable | 101,330,000 | 21,633,333 | 72,951,732 | 60,000,000 | 60,000,000 | 315,915,065 | 203,871,830 |
| Paid during the year | (17,000,000) | (7,872,668) | (6,000,000) | - | - | (30,872,668) | (11,966,667) |
| | 84,330,000 | 13,760,665 | 66,951,732 | 60,000,000 | 60,000,000 | 285,042,397 | 191,905,163 |
| Current portion | (18,000,000) | (7,866,667) | (14,000,000) | (4,800,000) | (7,500,000) | (52,166,667) | (32,066,668) |
| Closing balance | 66,330,000 | 5,893,998 | 52,951,732 | 55,200,000 | 52,500,000 | 232,875,730 | 159,838,495 |
| Significant Term & Condition Note No. | 8.1 | 8.2 | 8.3 | 8.4 | 8.5 | | |

- 8.1 This represents term finance obtained to pay leasing. It carries mark up at 12 months average KIBOR plus 1.5% spread floor of 6% p.a., to be paid in quarterly installments upto December 2009.
- 8.2 This represent term finance obtained for the repayment of Redeemable capital from Bankers' Equity Ltd. It carries mark up at SBP discount rate with floor of 7.5% per annum, reviewable on half year basis, to be paid in three years in quarterly installments from June 2004 to March 2007.
- 8.3 This represents finance obtained to finance expansion in existing production facilities at Hattar plant. It carries mark up at 12 months average KIBOR plus 1.5% spread floor 6% p.a., to be paid in five years in quarterly installments from February 2005 to February 2009 with a initial grace period of one year from the date of disbursement.
- 8.4 This represents term finance obtained to finance expansion in existing production facilities at Hattar plant. It carries mark up at 12 months average KIBOR plus 1.5% spread with floor of 6% per annum, to be paid in four years in quarterly installments from October 2005 to November 2009 with a initial grace period of one year from the date of disbursement.
- 8.5 This represents demand finance obtained to finance expansion in existing production facilities at Hattar plant (refer note # 9). It carries mark up at 3 months KIBOR plus 2.5% with floor of 6.5% per annum, to be paid in five years in quarterly installments from January 2006 to October 2009 with a initial grace period of one year from the date of disbursement.

Securities:

The above finances are secured as follows:

Askari Commercial Bank Ltd.:

- First Hypothecation charge ranking pari passu with Prime Commercial Bank Ltd. charge to the extent of Rs. 10 M over all present & future current assets of the Company.
- First charges on all present & future fixed assets of the Company.
- First floating charge on undertaking & other property and assets whatsoever (both present & future) with 30% margin.
- First charge by way of Equitable Mortgage for Rs. 10 M ranking pari passu with Prime Commercial Bank Ltd. over properties at Hattar Industrial Estate.
- Personal guarantees of two Directors of the Company.

Habib Bank Ltd.:

1st charge ranking pari passu over present and future fixed assets.

9. LONG TERM SUPPLIER'S CREDIT

This represents the liability on account of usance letter of credit in respect of machinery imported. During the year, the Company has settled the obligation partly through Demand Finance and partly through leasing arrangements (refer note # 8.5 & 5.1).

10. TRADE AND OTHER PAYABLES

Trade creditors including bills payable
Accrued & other liabilities
Advances from customers
Tax deducted at source
Workers' profit participation fund
Sales tax payable
Unclaimed Dividend

10.1

10.2

| | 2005 RUPEES | 2004 RUPEES |
|--|--------------------|--------------------|
| | 192,487,361 | 115,219,057 |
| | 7,863,765 | 6,054,064 |
| | 2,202,656 | 690,457 |
| | 162,568 | 198,374 |
| | 2,803,924 | 2,212,607 |
| | 6,361,300 | 1,631,115 |
| | 476,276 | 241,111 |
| | <u>212,357,850</u> | <u>126,246,785</u> |
| 10.1 Workers' profit participation fund | | |
| Balance as on 1 July | 2,212,607 | 284,587 |
| Allocation for the year | 2,803,924 | 2,212,607 |
| | 5,016,531 | 2,497,194 |
| Mark-up on fund utilized in the Company's business at 12% per annum (2004: 10%) | 13,105 | 20,974 |
| | 5,029,636 | 2,518,168 |
| Less : Amount paid on behalf of the Fund | (2,225,712) | (305,561) |
| Balance as on 30 June | <u>2,803,924</u> | <u>2,212,607</u> |

10.2 The Company, effective from the current year, has ceased to recognize as a liability the final dividend proposed subsequent to the year end to comply with the substituted Fourth Schedule to the Ordinance, as referred to in note 2.1.2. Such a change in policy has been accounted for retrospectively and comparative financial statements have been restated in accordance with the recommended benchmark treatment of IAS 8.

| | | 2005 RUPEES | 2004 RUPEES |
|---|------|--------------------|--------------------|
| 11. ACCRUED MARK-UP ON LOANS | | | |
| Long-term finance | | 4,602,724 | 1,077,842 |
| Short-term finance | | <u>1,222,468</u> | <u>251,763</u> |
| | | <u>5,825,192</u> | <u>1,329,605</u> |
| 12. SHORT TERM FINANCE AND OTHER CREDIT FACILITIES - Secured | | | |
| Askari Commercial Bank Ltd. | | | |
| - Running finance | 12.1 | <u>6,634,108</u> | <u>10,426,512</u> |
| - Cash finance | 12.1 | - | - |
| - Local bills purchase | 12.1 | <u>22,951,000</u> | <u>6,210,000</u> |
| | | <u>29,585,108</u> | <u>16,636,512</u> |
| Prime Commercial Bank Ltd. | | | |
| - Running finance | 12.2 | 1,805,525 | - |
| Habib Bank Ltd. | | | |
| - Running finance | 12.3 | <u>10,854,282</u> | - |
| | | <u>42,244,915</u> | <u>16,636,512</u> |
| 12.1 | | | |
| 6 months KIBOR plus 2% spread, floor 6% p.a. | | | |
| 12.2 | | | |
| Mark up @9% per annum | | | |
| 12.3 | | | |
| 3 months KIBOR plus 2.5% spread, floor 6.5% p.a. | | | |
| Securities | | | |
| These facilities have been secured against hypothecation of entire present and future current assets, equitable mortgage of property of the Company and personal guarantees of the working directors. | | | |
| 13. CURRENT PORTION OF LONG TERM LIABILITIES | | | |
| Current Maturity: | | | |
| Term Finance | 8 | 44,666,668 | 32,066,668 |
| Demand Finance | 8 | 7,500,000 | - |
| Lease Finance | 5 | <u>12,850,465</u> | <u>644,839</u> |
| | | <u>65,017,133</u> | <u>32,711,507</u> |
| 14. CONTINGENCIES AND COMMITMENTS | | | |
| 14.1 Commitments | | | |
| Letters of credit | | <u>960,133</u> | <u>3,802,400</u> |
| 14.2 Contingencies | | | |
| The Commissioner of Income Tax, Companies Zone, Islamabad has communicated to the Company about having filed an application in the Lahore High Court, Rawalpindi Bench, against the order of Income Tax Appellate Tribunal passed in favour of the Company annulling impugned order of Additional Commissioner of Income Tax dated March 22, 2002 passed under section 66A resulting in a tax demand of Rs. 6.695 million. The Company has not made any provision in this respect in view of the legal opinion of its Legal Advisor that the said case is likely to be decided in favour of the Company on legal grounds. No proceedings have yet started in the said matter. | | | |
| 15. PROPERTY, PLANT & EQUIPMENT | | | |
| Operating Property, Plant & Equipment | 15.1 | 571,995,412 | 476,634,798 |
| Capital Work-in-progress | 15.5 | <u>128,176,770</u> | <u>94,448,774</u> |
| | | <u>700,172,182</u> | <u>571,083,572</u> |

During the year, in order to reflect the changed pattern, the Company reviewed the depreciation method in respect of Injection Moulds and Plant & Machinery. The depreciation method on Injection Moulds and Plant & Machinery has accordingly been changed from reducing balance method to straight line method. As a result of change in accounting estimate necessary adjustments in depreciation charge for the current and future period have been made in these accounts.

15.1 PROPERTY PLANT & EQUIPMENT (Rupees)

| Particulars | COST AND REVALUATION | | | | D E P R E C I A T I O N | | | | Written Down Value as at 30-06-2005 | |
|-------------------------|----------------------|---|----------------------------|--------------------|-------------------------|----------|--------------------|-------------------|--|--------------------|
| | As at 01-07-2004 | Addition / (Deletions) | Revaluation / (Deficit) | As at 30-06-2005 | Rate (%) | METHOD | As at 01-07-2004 | For the year | | As at 30-06-2005 |
| OWNED | | | | | | | | | | |
| LAND | 3,524,750 | - | - | 3,524,750 | - | WDV | - | - | - | 3,524,750 |
| FACTORY BUILDING | 12,624,211 | - | - | 12,624,211 | 5 | WDV | 4,567,800 | 402,821 | 4,970,621 | 7,653,590 |
| FACTORY ROAD | 769,052 | - | - | 769,052 | 10 | WDV | 469,587 | 29,947 | 499,534 | 269,519 |
| PREFORM CONTAINER | 2,866,870 | 3,935,300 | - | 6,802,170 | 10 | WDV | 722,927 | 433,120 | 1,156,047 | 5,646,123 |
| FURNITURE & FIXTURE | 1,726,325 | 1,470,838 | - | 3,197,163 | 10 | WDV | 900,809 | 142,944 | 1,043,752 | 2,153,411 |
| VEHICLES | 4,016,481 | 1,285,326 | - | 4,621,807 | 20 | WDV | 2,854,801 | 402,379 | 3,257,180 | 1,866,369 |
| | | (680,000) | - | | | | | (501,742) | | - |
| PIPING WORK | 7,009,474 | 197,915 | - | 7,207,389 | 10 | WDV | 1,458,435 | 574,717 | 2,033,152 | 5,174,237 |
| ELECTRIFICATION | 12,565,496 | 960,172 | - | 13,525,668 | 10 | WDV | 3,555,794 | 978,816 | 4,534,611 | 8,991,057 |
| INJECTION MOULDS | 138,666,159 | - | - | 138,666,159 | - | ST. LINE | 39,784,032 | 7,200,231 | 46,984,264 | 91,681,895 |
| BLOW MOULD | 13,596,518 | 2,053,188 | - | 15,649,706 | 5 | WDV | 8,199,476 | 1,156,182 | 9,355,658 | 6,294,048 |
| PLANT & MACHINERY : | | | | | | | | | | |
| LOCAL | 36,151,465 | 6,427,082 | - | 42,578,547 | - | ST. LINE | 11,209,877 | 1,985,121 | 13,194,998 | 29,383,549 |
| IMPORTED | 391,870,294 | 96,426,454 | - | 453,451,263 | - | ST. LINE | 83,730,679 | 20,861,615 | 104,592,294 | 350,198,198 |
| | | (34,845,485) | - | | | | | (1,339,229) | | |
| OFFICE EQUIPMENT | 5,831,036 | 1,563,188 | - | 7,394,224 | 10 | WDV | 2,186,718 | 542,037 | 2,728,755 | 4,665,469 |
| LOCAL MOULDS | 7,771,035 | 1,129,469 | - | 8,900,504 | 20 | WDV | 5,451,864 | 629,108 | 6,080,971 | 2,819,533 |
| LABORATORY EQUIPMENT | 429,763 | - | - | 429,763 | 10 | WDV | 155,393 | 27,437 | 182,830 | 246,933 |
| WEIGHING SCALES | 127,650 | 196,000 | - | 323,650 | 10 | WDV | 5,313 | 25,034 | 30,347 | 293,303 |
| WATER TANKS | - | 12,000 | - | 12,000 | 10 | WDV | - | 1,200 | 1,200 | 10,800 |
| Sub-total (Rupees) | 639,546,579 | 115,656,932 (35,525,485) | - | 719,678,026 | | | 165,253,505 | 35,392,709 | 200,646,213 (1,840,971) | 520,872,783 |
| LEASED | | | | | | | | | | |
| VEHICLES | 4,118,900 | 4,136,850 | - | 8,255,750 | 20 | WDV | 1,777,169 | 873,452 | 2,650,621 | 5,605,129 |
| GENERATOR | - | 3,506,256 | - | 3,506,256 | 5 | WDV | - | 29,219 | 29,219 | 3,477,036 |
| CHILLER (15.1.1) | - | 7,588,000 | - | 7,588,000 | 5 | WDV | - | 63,233 | 63,233 | 7,524,766 |
| AIR CONVEYOR (15.1.1) | - | 4,805,744 | - | 4,805,744 | 5 | WDV | - | 40,048 | 40,048 | 4,765,696 |
| PLANT & MACHINERY (IMP) | - | 30,000,000 | - | 30,000,000 | - | ST. LINE | - | 250,000 | 250,000 | 29,750,000 |
| Sub-total (Rupees) | 4,118,900 | 50,036,850 | - | 54,155,750 | | | 1,777,169 | 1,255,952 | 3,033,121 | 51,122,627 |
| RUPEES 2005 | 643,665,479 | 165,693,782 (35,525,485) | - | 773,833,776 | | | 167,030,674 | 36,648,660 | 203,679,335 (1,840,971) | 571,995,410 |
| RUPEES 2004 | 421,688,944 | 85,823,934 (484,506) | 141,337,000 (5,184,406) | 643,665,472 | | | 142,610,296 | 24,420,378 | 167,030,674 | 476,634,798 |

ALLOCATION OF DEPRECIATION

| | 2005 | 2004 |
|--------------------|-------------------|-------------------|
| | Rupees | Rupees |
| Cost of Goods Sold | 34,816,227 | 23,199,359 |
| Admin Expenses | 1,832,433 | 1,221,019 |
| | <u>36,648,660</u> | <u>24,420,378</u> |

15.1.1 These assets are under sale and lease back arrangement upon direct transfer from Capital Work in Progress

15.2 The above balances represent the value of operating property, plant and equipment subsequent to revaluation in 1995-96 and 2003-04, which had resulted in a surplus of Rs. 92,519,760/- and Rs. 141,337,002/- respectively. The incremental values at the date of revaluation of the revalued operating property, plant and equipment are being depreciated over the remaining useful lives of these assets.

15.3 Had there been no revaluation, the net book value of specific classes of Operating Property, Plant and Equipment as at June 30, 2005 would have been as follows:

| | 2005 RUPEES W.D.V. | 2004 RUPEES W.D.V. |
|-------------------|-----------------------------------|-----------------------------------|
| Leasehold land | 3,524,750 | 4,056,750 |
| Factory building | 7,348,716 | 6,412,228 |
| Plant & Machinery | | |
| - Local | 29,384,333 | 28,273,455 |
| - Imported | 309,400,948 | 220,539,961 |
| Injection mould | 80,305,749 | 56,225,211 |
| Blow mould | 5,673,061 | 2,642,888 |
| Electrification | 8,962,138 | 10,353,383 |
| | <u>444,599,696</u> | <u>328,503,876</u> |

15.4 DISPOSAL OF FIXED ASSETS

| Particulars | Cost | Accumulated Depreciation | Written Down Value | Sale Proceeds | Gain/ (Loss) | Mode of Disposal | Buyers |
|---------------------|-------------|--------------------------|--------------------|---------------|--------------|-------------------|----------------------------|
| | R U P E E S | | | | | | |
| Generator | 3,595,485 | 89,229 | 3,506,256 | 3,506,256 | - | Sale & Lease Back | Atlas Investment Bank Ltd. |
| Plant and machinery | 31,250,000 | 1,250,000 | 30,000,000 | 30,000,000 | - | Sale & Lease Back | Askari Leasing Ltd. |
| Vehicle | 680,000 | 501,742 | 178,258 | 430,000 | 251,742 | Insurance Claim | Adamjee Insurance |
| Rupees 2005 | 35,525,485 | 1,840,971 | 33,684,514 | 33,936,256 | 251,742 | | |
| Rupees 2004 | - | - | - | - | - | | |

15.5 CAPITAL WORK IN PROGRESS

| | | |
|-----------------------|---------------------------|--------------------------|
| Plant & Machinery | 77,591,337 | 87,649,805 |
| Electric installation | 11,783,333 | - |
| Piping work | 18,383,538 | - |
| Building and roads | 20,418,562 | 6,798,969 |
| | <u>128,176,770</u> | <u>94,448,774</u> |

| | 2005 RUPEES | 2004 RUPEES |
|-----------------------------------|--------------------|-------------------|
| 16. LONG TERM DEPOSITS | | |
| Utilities | 1,256,750 | 1,256,750 |
| Leasing Companies | 6,076,300 | 505,900 |
| Others | 111,000 | 111,000 |
| | <u>7,444,050</u> | <u>1,873,650</u> |
| 17. SPARES AND LOOSE TOOLS | | |
| Stores and Spares | 31,615,515 | 26,260,458 |
| Loose tools | 1,185,947 | 1,045,891 |
| | <u>32,801,462</u> | <u>27,306,349</u> |
| 18. STOCK IN TRADE | | |
| Raw material | | |
| - In hand | 77,555,955 | 42,412,034 |
| - In bond | 21,956,636 | 15,711,899 |
| | <u>99,512,591</u> | <u>58,123,933</u> |
| Packing material | | |
| - In hand | 4,199,931 | 2,178,653 |
| - In bond | 2,280,461 | - |
| | <u>6,480,392</u> | <u>2,178,653</u> |
| Work in process | 27,066,949 | 6,333,999 |
| Finished goods | 36,167,369 | 9,102,908 |
| | <u>63,234,318</u> | <u>15,436,907</u> |
| | <u>169,227,301</u> | <u>75,739,493</u> |
| 19. LOAN AND ADVANCES | | |
| Considered good: | | |
| Suppliers | 7,986,870 | 5,333,988 |
| Employees | 1,313,970 | 1,153,538 |
| Expenses | 2,312 | 112,875 |
| | <u>9,303,153</u> | <u>6,600,401</u> |
| 20. SHORT TERM PREPAYMENTS | | |
| Prepayments | 1,495,314 | 4,628,876 |
| 21. OTHER RECEIVABLES | | |
| Income tax | 6,602,098 | 2,834,792 |
| Excise duty | 100,639 | 100,639 |
| Margin and charges on L/c | 965,921 | 216,410 |
| Sales tax refundable | 4,015,836 | 3,215,986 |
| Others | 22,379 | 22,305 |
| | <u>11,706,873</u> | <u>6,390,133</u> |
| 22. CASH AND BANK BALANCES | | |
| Cash in hand | 10,867 | 10,639 |
| Cash with banks - current account | 2,027,395 | 2,771,257 |
| Cash with bank - dividend account | 476,276 | 241,111 |
| | <u>2,514,538</u> | <u>3,023,007</u> |

| | Total | | Hattar | | Karachi | |
|--------------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| | Rupees | | Rupees | | Rupees | |
| | Jul-Jun 2005 | Jul-Jun 2004 | Jul-Jun 2005 | Jul-Jun 2004 | Jul-Jun 2005 | Jul-Jun 2004 |
| 23. OPERATING RESULTS | | | | | | |
| SALES | | | | | | |
| Gross sales - others | 865,856,296 | 509,550,980 | 722,603,200 | 411,772,820 | 143,253,096 | 97,778,160 |
| Intersegment | - | - | 90,907,132 | 50,309,062 | - | - |
| | 865,856,296 | 509,550,980 | 813,510,332 | 462,081,882 | 143,253,096 | 97,778,160 |
| Less : Sales discount | 971,986 | 73,215 | 971,339 | 14,835 | 647 | 58,380 |
| Sales tax - others | 112,938,598 | 66,558,563 | 94,252,639 | 53,783,377 | 18,685,959 | 12,775,186 |
| Sales tax - intersegment | - | - | 11,857,452 | 6,562,052 | - | - |
| Sales return | 757,600 | - | 757,600 | - | - | - |
| | 114,668,184 | 66,631,778 | 107,839,030 | 60,360,264 | 18,686,606 | 12,833,566 |
| | 751,188,112 | 442,919,202 | 705,671,302 | 401,721,618 | 124,566,490 | 84,944,594 |
| Less: | | | | | | |
| Cost of goods sold | 24 595,996,882 | 332,393,160 | 563,325,705 | 290,069,504 | 111,720,857 | 86,070,666 |
| Gross profit /(loss) | 155,191,230 | 110,526,042 | 142,345,597 | 111,652,114 | 12,845,633 | (1,126,072) |
| Operating expenses: | | | | | | |
| Administration | 25 30,161,009 | 22,867,713 | 25,159,531 | 18,482,063 | 5,001,478 | 4,385,650 |
| Selling & distribution | 26 34,341,804 | 21,765,814 | 28,263,360 | 16,530,073 | 6,078,444 | 5,235,741 |
| | 64,502,813 | 44,633,527 | 53,422,891 | 35,012,136 | 11,079,922 | 9,621,391 |
| Operating profit / (loss) | 90,688,417 | 65,892,515 | 88,922,707 | 76,639,978 | 1,765,710 | (10,747,463) |
| Segment assets: | 1,004,694,158 | 735,420,925 | 877,325,572 | 656,432,015 | 127,368,586 | 78,988,910 |
| Unallocated assets | 32,309,164 | 19,493,060 | | | | |
| | 1,037,003,322 | 754,913,985 | | | | |
| Segment liabilities: | 174,122,075 | 101,526,295 | 169,937,247 | 94,854,447 | 4,184,828 | 6,671,848 |
| Unallocated liabilities | 525,472,002 | 398,056,114 | | | | |
| | 699,594,077 | 499,582,409 | | | | |
| Capital expenditure | 80,811,447 | 85,748,440 | 78,776,920 | 84,437,027 | 2,034,527 | 1,311,413 |

Note:

Inter-segment sales have been eliminated from total.

Inter-segment business is recorded at cost including sales tax.

| 24. COST OF GOODS SOLD | Total | | Hattar | | Karachi | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| | Rupees | | Rupees | | Rupees | |
| | Jul-Jun 2005 | Jul-Jun 2004 | Jul-Jun 2005 | Jul-Jun 2004 | Jul-Jun 2005 | Jul-Jun 2004 |
| Raw material consumed | | | | | | |
| Opening stock | 58,123,932 | 21,023,516 | 54,063,354 | 17,543,342 | 4,060,578 | 3,480,174 |
| Purchases | | | | | | |
| Others | 494,889,519 | 240,353,853 | 484,591,705 | 226,903,209 | 10,297,814 | 13,450,643 |
| Inter-segment | - | - | - | - | 79,049,680 | 43,747,010 |
| | 494,889,519 | 240,353,853 | 484,591,705 | 226,903,209 | 89,347,494 | 57,197,653 |
| | 553,013,451 | 261,377,369 | 538,655,059 | 244,446,551 | 93,408,072 | 60,677,827 |
| Closing stock | (99,512,591) | (58,123,932) | (89,413,080) | (54,063,354) | (10,099,511) | (4,060,578) |
| Raw material consumed | 453,500,860 | 203,253,436 | 449,241,979 | 190,383,197 | 83,308,561 | 56,617,249 |
| Packing material consumed | 28,163,903 | 16,072,694 | 23,905,240 | 13,168,232 | 4,258,663 | 2,904,462 |
| Salaries, wages & other benefits (24.1) | 30,783,621 | 19,229,923 | 24,826,172 | 14,941,543 | 5,957,449 | 4,288,380 |
| Travelling & conveyance | 1,715,384 | 882,990 | 1,643,968 | 813,249 | 71,416 | 69,741 |
| Professional charges | 982,850 | 377,600 | 982,850 | 278,000 | - | 99,600 |
| Vehicle repair & maintenance | 2,540,616 | 1,794,930 | 2,287,641 | 1,598,150 | 252,975 | 196,780 |
| Rent, rate & taxes | 6,050,490 | 2,826,289 | 2,380,131 | 817,989 | 3,670,359 | 2,008,300 |
| Repair & maintenance | 3,835,059 | 3,659,740 | 2,356,030 | 1,415,891 | 1,479,029 | 2,243,849 |
| Telephone | 1,358,643 | 1,348,851 | 1,041,467 | 951,885 | 317,176 | 396,966 |
| Printing, postage & stationery | 767,766 | 787,120 | 555,683 | 514,468 | 212,083 | 272,652 |
| Entertainment | 522,252 | 549,166 | 395,007 | 282,309 | 127,245 | 266,857 |
| Advertisement | 58,462 | 21,868 | 58,462 | 21,868 | - | - |
| Insurance | 2,184,667 | 779,058 | 1,741,048 | 671,160 | 443,619 | 107,898 |
| Medical | 397,568 | 181,286 | 324,357 | 142,505 | 73,211 | 38,781 |
| Electricity, gas & water | 51,066,237 | 32,846,863 | 41,016,216 | 24,567,480 | 10,050,021 | 8,279,383 |
| Freight, octroi & toll tax | 1,100,686 | 1,129,061 | 772,369 | 928,350 | 328,317 | 200,711 |
| Depreciation | 34,816,227 | 23,199,361 | 31,390,892 | 20,883,286 | 3,425,335 | 2,316,075 |
| Transportation factory workers | 1,983,923 | 1,401,690 | 1,983,923 | 1,401,690 | - | - |
| Consumable store | 21,495,827 | 12,448,449 | 17,567,363 | 10,016,481 | 3,928,464 | 2,471,968 |
| Lab tests | 16,675 | 137,120 | 16,675 | 125,680 | - | 11,440 |
| Newspaper, books & periodicals | - | 2,390 | - | 2,390 | - | - |
| Courses & seminars fee | 435,200 | 47,500 | 435,200 | 27,500 | - | 20,000 |
| Miscellaneous | 17,377 | 29,524 | 14,269 | 23,576 | 3,108 | 5,948 |
| | 643,794,293 | 323,046,909 | 604,936,943 | 283,976,879 | 117,907,030 | 82,817,040 |
| Work in process | | | | | | |
| Opening | 6,333,999 | 10,902,747 | 6,333,999 | 10,902,747 | - | - |
| Closing | (27,066,949) | (6,333,999) | (27,066,949) | (6,333,999) | - | - |
| | (20,732,950) | 4,568,748 | (20,732,950) | 4,568,748 | - | - |
| Cost of goods manufactured | 623,061,343 | 327,615,657 | 584,203,993 | 288,545,627 | 117,907,030 | 82,817,040 |
| Finished goods | | | | | | |
| Opening - Finished | 9,102,908 | 13,880,411 | 8,293,182 | 9,817,059 | 809,726 | 4,063,352 |
| Closing - Finished | (36,167,369) | (9,102,908) | (29,171,470) | (8,293,182) | (6,995,899) | (809,726) |
| | (27,064,461) | 4,777,503 | (20,878,288) | 1,523,877 | (6,186,173) | 3,253,626 |
| Cost of good sold | 595,996,882 | 332,393,160 | 563,325,705 | 290,069,504 | 111,720,857 | 86,070,666 |

24.1 Salaries & wages includes Rs. 1,093,557 (2004: Rs. 664,284) in respect of staff retirement benefit

| | Total | | Hattar | | Karachi | |
|---|-------------------|-------------------|-------------------|-------------------|------------------|------------------|
| | Rupees | | Rupees | | Rupees | |
| | Jul-Jun 2005 | Jul-Jun 2004 | Jul-Jun 2005 | Jul-Jun 2004 | Jul-Jun 2005 | Jul-Jun 2004 |
| 25. ADMINISTRATION EXPENSES | | | | | | |
| Directors' salary & other benefits (25.1) | 7,090,316 | 7,472,496 | 5,914,558 | 6,039,395 | 1,175,758 | 1,433,101 |
| Directors' meeting fee | 150,000 | - | 125,126 | - | 24,874 | - |
| Staff salaries & other benefits | 7,511,950 | 5,241,404 | 6,266,274 | 4,236,189 | 1,245,676 | 1,005,215 |
| Ex-Gratia | 247,095 | - | 206,120 | - | 40,975 | - |
| Rent, rate & taxes | 1,004,332 | 204,952 | 837,788 | 165,646 | 166,544 | 39,306 |
| Electricity, gas & water | 230,091 | 72,573 | 191,936 | 58,655 | 38,155 | 13,918 |
| Entertainment | 287,139 | 221,214 | 239,524 | 178,789 | 47,615 | 42,425 |
| Travelling & conveyance | 2,077,790 | 1,736,910 | 1,733,238 | 1,403,799 | 344,552 | 333,111 |
| Vehicle running & maintenance | 1,369,447 | 1,061,371 | 1,142,357 | 857,818 | 227,090 | 203,553 |
| Repair & maintenance | 201,660 | 376,322 | 168,220 | 304,150 | 33,440 | 72,172 |
| Communications | 1,584,982 | 1,449,572 | 1,322,151 | 1,171,568 | 262,831 | 278,004 |
| Legal & professional | 3,294,306 | 1,384,383 | 2,748,025 | 1,118,881 | 546,281 | 265,502 |
| Auditors' remuneration (25.2) | 315,000 | 612,500 | 262,765 | 495,033 | 52,235 | 117,467 |
| Advertisement | 321,370 | 89,400 | 268,079 | 72,255 | 53,291 | 17,145 |
| Medical | 802,296 | 514,877 | 669,254 | 416,132 | 133,042 | 98,745 |
| Insurance | 80,765 | 70,234 | 67,372 | 56,764 | 13,393 | 13,470 |
| Printing & stationery | 943,438 | 529,858 | 786,991 | 428,240 | 156,447 | 101,618 |
| Depreciation | 1,832,433 | 1,221,017 | 1,528,568 | 986,846 | 303,865 | 234,171 |
| Books,newspaper and periodicals | 30,644 | 16,002 | 25,562 | 12,933 | 5,082 | 3,069 |
| Courses, seminar & subscription | 157,980 | 270,621 | 131,783 | 218,720 | 26,197 | 51,901 |
| Donation & others (25.3) | 499,969 | 58,500 | 417,061 | 47,281 | 82,908 | 11,219 |
| Bad debts written off | 128,006 | 263,507 | 106,779 | 212,971 | 21,227 | 50,536 |
| | 30,161,009 | 22,867,713 | 25,159,531 | 18,482,063 | 5,001,478 | 4,385,650 |

25.1 Directors' remuneration includes Rs. 956,218 (2004: Rs. 3,200,000) and Salaries & wages includes Rs. 461,513 (2004: Rs. 307,756) in respect of staff retirement benefit.

| | 2005 | 2004 |
|-----------------------------|----------------|----------------|
| 25.2 Auditors' remuneration | | |
| Audit fee | 295,000 | 200,000 |
| Out of pocket expenses | 5,000 | 25,000 |
| Consultancy | - | 382,500 |
| Audit fee - WPPF | 5,000 | 5,000 |
| Audit fee - Provident fund | 10,000 | - |
| | 315,000 | 612,500 |

25.3 The directors and their spouses have no interest in the donee fund.

25.4 Administration expenses are allocated on the basis of the net sales value of each segment.

| | Total | | Hattar | | Karachi | |
|--|-------------------|-------------------|-------------------|-------------------|------------------|------------------|
| | Rupees | | Rupees | | Rupees | |
| | Jul-Jun 2005 | Jul-Jun 2004 | Jul-Jun 2005 | Jul-Jun 2004 | Jul-Jun 2005 | Jul-Jun 2004 |
| 26. SELLING & DISTRIBUTION | | | | | | |
| Staff salaries & other benefits (26.1) | 1,934,143 | 1,385,341 | 1,613,412 | 1,119,655 | 320,731 | 265,686 |
| Office rent | 399,059 | 309,021 | 332,885 | 249,756 | 66,174 | 59,265 |
| Electricity, water & gas | 33,789 | 26,500 | 28,186 | 21,418 | 5,603 | 5,082 |
| Entertainment | 20,843 | 8,061 | 17,387 | 6,515 | 3,456 | 1,546 |
| Travelling & conveyance | 273,297 | 384,200 | 227,977 | 310,517 | 45,320 | 73,683 |
| Repair & maintenance | 51,639 | 12,889 | 43,076 | 10,417 | 8,563 | 2,472 |
| Vehicle running & maintenance | 451,081 | 236,570 | 376,280 | 191,200 | 74,801 | 45,370 |
| Communications | 447,085 | 576,646 | 372,947 | 466,055 | 74,138 | 110,591 |
| Insurance | 19,457 | 23,901 | 16,231 | 19,317 | 3,226 | 4,584 |
| Printing & stationery | 33,015 | 11,100 | 27,540 | 8,971 | 5,475 | 2,129 |
| Carriage & freight outward | 30,594,971 | 18,694,679 | 25,137,849 | 14,047,931 | 5,457,122 | 4,646,748 |
| Medical | 79,939 | 58,206 | 66,683 | 47,043 | 13,256 | 11,163 |
| Courses & seminar | 500 | 38,500 | 417 | 31,116 | 83 | 7,383 |
| Books & periodicals | 2,986 | 200 | 2,491 | 162 | 495 | 38 |
| | 34,341,804 | 21,765,814 | 28,263,360 | 16,530,073 | 6,078,444 | 5,235,741 |

26.1 Salaries & wages includes Rs. 120,829 (2004: Rs. 69,960) in respect of staff retirement benefit.

26.2 Selling expenses are allocated on the basis of the net sales value of each segment.

| | 2005 RUPEES | 2004 RUPEES |
|--|--------------------|---------------------|
| 27. FINANCIAL CHARGES | | |
| Mark-up on; | | |
| - Long-term loan | 15,166,843 | 10,004,639 |
| - Short-term loan | 3,229,752 | 3,078,112 |
| - Lease finance | 1,278,402 | 287,936 |
| | <u>19,674,997</u> | <u>13,370,687</u> |
| Usance charges | 11,248,325 | 5,322,654 |
| Bank charges | 1,680,844 | 808,262 |
| | <u>32,604,166</u> | <u>19,501,603</u> |
| 28. OTHER CHARGES | | |
| Deficit on revaluation of fixed assets | - | 5,184,406 |
| Exchange loss | 5,475,964 | - |
| | <u>5,475,964</u> | <u>5,184,406</u> |
| 29. OTHER INCOME | | |
| Income from sale of scrap | 1,304,752 | 2,845,830 |
| Reversal of liability | 1,927,197 | 189,962 |
| Gain on disposal of fixed assets | 238,240 | - |
| Miscellaneous income | - | 9,848 |
| | <u>3,470,189</u> | <u>3,045,640</u> |
| 30. UNUSUAL ITEM | | |
| Reversal of liability: | | |
| Principal | - | 8,318,749 |
| Mark-up | - | 13,154,409 |
| | <u>-</u> | <u>21,473,158</u> |
| <p>Reversal of total amount of mark up of Rs. 13,154,409/- represents Rs. 2,794,409/- related to the pre tax holiday period and Rs. 10,360,000/- related to the post tax holiday period.</p> | | |
| 31. TAXATION | | |
| For the year | | |
| Current | 3,764,588 | 2,229,458 |
| Prior | - | - |
| Deferred | 21,902,597 | 3,121,120 |
| | <u>25,667,185</u> | <u>5,350,578</u> |
| 31.1 Relationship between tax expense and accounting profit | | |
| Profit for the year | 53,274,551 | 42,039,540 |
| Expenses that are (admissible) / inadmissible in determining taxable profit | (36,202,174) | (28,833,222) |
| Taxable income / (Loss) | <u>17,072,377</u> | <u>13,206,318</u> |
| Less: Carry forward losses | (23,040,025) | (40,692,473) |
| Taxable income / (Loss) | <u>(5,967,648)</u> | <u>(27,486,155)</u> |
| Tax charge for the current year / minimum tax | 3,764,588 | 2,229,458 |
| Prior year adjustments | - | - |
| Deferred tax adjustment | 21,902,597 | 3,121,120 |
| | <u>25,667,185</u> | <u>5,350,578</u> |

Current

The assessment of the Company have been finalized upto and including the tax year 2004. Assessed losses available to the Company to be carried forward amounted to Rs. 23,040,025/- at the end of the tax year 2004.

| | 2005 RUPEES | 2004 RUPEES |
|--|----------------|----------------|
| 32. EARNING PER SHARE - BASIC & DILUTED | | |
| Profit after tax | 27,625,904 | 58,162,120 |
| Number of shares | 12,495,691 | 8,562,846 |
| Earning per share (2004: restated) | <u>2.15</u> | <u>5.11</u> |

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

| | Chief Executive | | Director | | Executives | |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|----------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Managerial remuneration | 2,481,816 | 1,745,460 | 2,481,816 | 1,745,460 | 1,138,064 | - |
| House allowance & utilities | 518,182 | 175,540 | 518,182 | 174,540 | 625,936 | - |
| Servant allowance | 214,248 | 214,248 | 214,248 | 214,248 | - | - |
| Telephone allowance | 180,000 | 180,000 | 180,000 | 180,000 | - | - |
| Retirement benefits | 330,910 | 1,600,000 | 330,910 | 1,600,000 | 151,743 | - |
| Medical reimbursement | 125,000 | 136,581 | 125,000 | 156,000 | 103,494 | - |
| | <u>3,850,156</u> | <u>4,050,829</u> | <u>3,850,156</u> | <u>4,070,248</u> | <u>2,019,237</u> | <u>-</u> |
| Number of persons | 1 | 1 | 1 | 1 | 2 | - |

The Chief Executive, Director and two Executives are entitled to free use of Company maintained vehicles.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of all financial assets and financial liabilities are estimated to approximate their respective carrying amount.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES

The company's activities expose it to a variety of financial risks, including the effect of changes in foreign exchange rates, credit and liquidity risk associated with various financial assets and liabilities respectively as referred to in note no. 36. The Company finances its operations through equity and management of working capital with a view to maintaining a reasonable mix between the various sources of finance to minimize risk. Taken as a whole, risk arising from the company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

36. MARK-UP RATE RISK MANAGEMENT

Mark-up rate risk arises from the possibility that changes in interest / mark-up rates will effect the value of financial instruments. The Company monitors its exposure to fluctuations in markup rate and has already approached financial institutions for reduction in these rates to balance the effect of any increase in the short term. The following table indicates the effective periods in which they will re-price or mature.

| | Figures in Rupees | | | | |
|------------------------------|------------------------------|----------------------------|-----------------------------|----------------------|---------------|
| | Interest Bearing | | Non-Interest bearing | Total | |
| | One month to one year | One year and onward | | 2005 | 2004 |
| Financial Assets | | | | | |
| Long Term Deposit | - | - | 7,444,050 | 7,444,050 | 1,873,650 |
| Trade Debtors | - | - | 102,338,448 | 102,338,448 | 61,297,916 |
| Other Receivables | - | - | 22,379 | 22,379 | 22,305 |
| Cash and Bank | - | - | 2,514,538 | 2,514,538 | 3,023,007 |
| | - | - | 112,319,415 | 112,319,415 | 66,216,878 |
| Financial Liabilities | | | | | |
| Long term loan | 52,166,668 | 232,875,729 | - | 285,042,397 | 191,905,163 |
| Long term supplier's credit | - | - | - | - | 80,891,772 |
| Lease finance | 12,850,465 | 36,505,109 | - | 49,355,574 | 2,439,335 |
| Short term finance | 42,244,915 | - | - | 42,244,915 | 16,636,512 |
| Trade & other payables | 2,803,924 | - | 203,192,626 | 205,996,550 | 124,615,670 |
| Accrued mark-up on loans | 5,825,192 | - | - | 5,825,192 | 1,329,605 |
| | 115,891,164 | 269,380,838 | 203,192,626 | 588,464,628 | 417,818,057 |
| Balance sheet gap | (115,891,164) | (269,380,838) | (90,873,211) | (476,145,213) | (351,601,179) |

Rate of Interest

| | |
|--------------------|-----------------|
| Lease finance | Refer Note # 5 |
| Long-term loan | Refer Note # 8 |
| Short-term finance | Refer Note # 12 |

37. CREDIT RISK MANAGEMENT

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial assets of Rs.122,588,489 (2004: Rs. 73,033,689) the financial assets which are subject to credit risk amounted to Rs.102,338,448 (2004: Rs. 61,297,916). The Company foresees that it is not exposed to major concentration of credit risk. To manage exposure to credit risk the Company deals mainly with credit worthy manufacturers of beverages and applies restrictive credit period for its major customers. Deposits with leasing companies are guaranteed by assets acquired against them.

38. LIQUIDITY RISK MANAGEMENT

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Company treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

39. FOREIGN EXCHANGE RISK MANAGEMENT

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company exposed to foreign currency risk on purchases and import of machinery that are entered in a currency other than local currency. The risk is not considered to be material in view of the amount of the transaction and relative stability of the Pak. Rupees in the foreign exchange market.

40. PLANT CAPACITY AND ACTUAL PRODUCTION

Hattar Plant

100% plant capacity at 250 days (3 shifts)-Number of bottles
Actual production - Number of bottles
Utilization

| | 2005 RUPEES | 2004 RUPEES |
|--|----------------|----------------|
| 100% plant capacity at 250 days (3 shifts)-Number of bottles | 110,700,000 | 62,075,000 |
| Actual production - Number of bottles | 81,474,777 | 46,816,254 |
| Utilization | 73.60% | 75.42% |
| Karachi Plant | | |
| 100% plant capacity at 250 days (3 shifts)-Number of bottles | 23,700,000 | 15,000,000 |
| Actual production - Number of bottles | 16,560,271 | 10,826,503 |
| Utilization | 69.87% | 72.18% |

40.1 Reasons for under unitization of capacity

The under utilization of capacity is attributable to the usual fall in demand for bottles during the off season winter period.

41. NUMBER OF EMPLOYEES

Total number of employees as at year end was 264 (2004: 257)

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 07, 2005 by the Board of Directors of the Company

43. GENERAL

- Figures have been rounded off to the nearest rupees.
- The board of directors has proposed a Share Dividend @ 15% for the year ended June 30, 2005 at their meeting held on September 07, 2005 for approval of members at the Annual General Meeting to be held on October 18, 2005. These financial statements do not reflect this Share Dividend as explained in note 10.2.
- **Corresponding figures**
Corresponding figures have been re-arranged, wherever necessary. For the purposes of comparison significant re-arrangements are as follows:
 - The definition of executives under the Companies Ordinance, 1984 was revised during the year with respect to minimum basic salary requirement from Rs. 100,000 to Rs. 500,000. Therefore, the figures of the previous year have been restated for the purposes of comparison.
 - The above figures have been re-arranged as the re-classification made is considered more appropriate for the purposes of presentation.

HUSSAIN JAMIL
Chairman

AHSAN JAMIL
Chief Executive Officer

H.R. SIDDIQUI
Chief Financial Officer