

## Selected Notes to the Condensed Interim Financial Statements

for the period of nine months ended December 31, 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".

	December 31 2007	March 31 2007
	(Rupees in thousand)	
<b>4. Long-term finances</b>		
Opening balance	2,541,667	1,000,000
Add: Disbursement during the period	-	2,750,000
	2,541,667	3,750,000
Less: Current portion shown under current liabilities	333,333	583,333
Repayment during the period	2,041,667	1,208,333
	2,375,000	1,791,666
	166,667	1,958,334

### 5. Contingencies and Commitments

#### Contingencies

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

#### Commitments in respect of

- i) Letters of credit and purchase commitments other than capital expenditure Rs. 86.64 million (March 31, 2007: Rs. 89.65 million).
- ii) Letters of credit and purchase commitments for capital expenditure Rs. 1.01 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).

	<u>December 31,</u>	<u>March 31,</u>		
	<u>2007</u>	<u>2007</u>		
	(Rupees in thousand)			
<b>6. Property, plant and equipment</b>				
Opening book value	4,082,955	1,051,723		
Add: Additions during the period	-note 6.1 247,140	3,532,506		
	<u>4,330,095</u>	<u>4,584,229</u>		
Less: Disposals during the period (at book value)	-note 6.2 23,026	43,462		
Depreciation charged during the period	540,946	457,812		
	<u>563,972</u>	<u>501,274</u>		
	<u>3,766,123</u>	<u>4,082,955</u>		
 6.1 Following is the detail of additions during the period:				
- Building on freehold land	2,102	1,565,704		
- Plant and machinery	187,884	1,864,958		
- Furniture and office equipments	5,994	38,802		
- Vehicles	40,852	30,458		
- Tools and equipments	4,616	25,225		
- Computers	5,692	7,359		
	<u>247,140</u>	<u>3,532,506</u>		
 6.2 Following is the detail of disposals during the period:				
- Building on freehold land	-	11,799		
- Plant and machinery	-	23,266		
- Furniture and office equipments	28	137		
- Vehicles	22,964	4,731		
- Tools and equipments	34	3,440		
- Computers	-	89		
	<u>23,026</u>	<u>43,462</u>		
	<u>October - December</u>	<u>April - December</u>		
	<u>2007</u>	<u>2007</u>		
	<u>2006</u>	<u>2006</u>		
	(Rupees in thousand)			
<b>7. Sales</b>				
Sales - Own manufactured goods	3,156,247	3,665,224	12,487,644	13,539,469
Less: Sales Tax and special excise duty	435,113	478,046	1,683,601	1,765,743
Commission to dealers	66,934	77,952	266,204	293,105
	<u>2,654,200</u>	<u>3,109,226</u>	<u>10,537,839</u>	<u>11,480,621</u>
Sales - Trading goods	199,241	230,683	608,356	606,767
Less: Sales tax	25,985	30,071	79,357	79,120
Commission to dealers	940	1,440	2,415	3,295
	<u>172,316</u>	<u>199,172</u>	<u>526,584</u>	<u>524,352</u>
	<u>2,826,516</u>	<u>3,308,398</u>	<u>11,064,423</u>	<u>12,004,973</u>

	October - December		April - December	
	2007	2006	2007	2006
	(Rupees in thousand)		(Rupees in thousand)	
<b>8. Cost of sales</b>				
Raw material consumed	2,602,247	2,221,414	9,618,945	10,762,497
Stores and spares consumed	8,115	8,943	24,648	27,178
Salaries, wages and benefits	71,825	91,616	156,497	214,616
Fuel and power	8,442	9,316	30,293	31,786
Insurance	7,538	7,588	22,632	19,502
Travelling and vehicle running	15,975	16,969	46,109	53,755
Freight and handling	3,141	3,206	12,252	16,438
Repairs and maintenance	4,126	6,596	10,131	20,202
Technical assistance	8,367	8,939	19,685	33,491
Depreciation on property, plant and equipment	177,017	133,898	513,342	234,790
Royalty	56,474	69,461	223,015	237,202
Amortization - on intangible assets	7,075	10,383	22,373	26,920
Others expenses	2,315	2,639	9,304	11,824
	<u>2,972,657</u>	<u>2,590,968</u>	<u>10,709,226</u>	<u>11,690,201</u>
Opening stock of work-in-process	191,453	180,187	173,408	76,086
Closing stock of work-in-process	(165,472)	(144,750)	(165,472)	(144,750)
	<u>25,981</u>	<u>35,437</u>	<u>7,936</u>	<u>(68,664)</u>
Cost of goods manufactured	2,998,638	2,626,405	10,717,162	11,621,537
Less: Own work capitalized	-	1,662	37,842	11,137
Cost of damaged cars	-	802	-	802
	<u>2,998,638</u>	<u>2,623,941</u>	<u>10,679,320</u>	<u>11,609,598</u>
Opening stock of finished goods	724,557	1,961,747	672,368	1,071,827
Closing stock of finished goods	(1,101,430)	(1,298,850)	(1,101,430)	(1,298,850)
	<u>(376,873)</u>	<u>662,897</u>	<u>(429,062)</u>	<u>(227,023)</u>
	<u>2,621,765</u>	<u>3,286,838</u>	<u>10,250,258</u>	<u>11,382,575</u>
Cost of sales - Trading goods	158,880	174,587	471,574	472,872
	<u>2,780,645</u>	<u>3,461,425</u>	<u>10,721,832</u>	<u>11,855,447</u>

**9. Taxation**

Tax charge reversal for the period April 2007 to December 2007 Rs. 23.40 million includes prior year tax of Rs. 17.36 million.

**April - December**  
**2007                  2006**  
**(Rupees in thousand)**

**10. Transactions with associated companies / related parties**

Sale of goods	120,775	66,312
Purchase of goods	5,518,444	6,156,490
Purchase of property, plant and equipments	17,327	535,754
Purchase of intangible assets	-	60,900
Insurance premium	99,061	125,692
Technical assistance fee	33,329	110,733
Royalty	212,073	229,874
Profit on bank accounts	9,363	-

**December 31                  March 31**  
**2007                          2007**  
**(Rupees in thousand)**

Related party balances at period / year end are as follows:

Receivable from related parties	38,882	27,351
Payable to related parties	179,373	543,101

**April - December**  
**2007                  2006**  
**(Rupees in thousand)**

**11. Cash generated from operations**


Profit before taxation	(23,921)	(219,475)
Adjustment for:		
- Depreciation on property, plant and equipment	540,946	260,221
- Profit on disposal of property, plant and equipment	(2,718)	(516)
- Assets written off	19	196
- Profit on bank deposits, investments, loans to employees and advances to suppliers	(13,812)	(42,054)
- Finance cost	187,221	198,570
- Provision for employee's retirement benefits and other obligations	18,610	9,858
- Amortization on intangible assets	22,757	27,135
- Royalty	212,395	237,202
- Working capital changes	- note 11.1 (1,462,109)	(6,476)
	<u>(520,612)</u>	<u>464,661</u>

	April - December	
	2007	2006
	(Rupees in thousand)	
<b>11.1 Working capital changes</b>		
(Increase)/decrease in current assets		
- Stores and spares	(22,793)	(5,882)
- Stock in trade	(364,452)	(623,747)
- Trade and other receivables	(194,368)	147,832
<b>Increase/ (Decrease) in current liabilities</b>		
- Trade and other payables	(880,496)	475,321
	<u>(1,462,109)</u>	<u>(6,476)</u>
 <b>12. Cash and cash equivalents</b>		
Cash and bank balances	35,597	15,532
Short term running finance	<u>(2,230,035)</u>	<u>(1,539,662)</u>
	<u>(2,194,438)</u>	<u>(1,524,130)</u>

**13. Corresponding figures**

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

  
**Yusuf H. Shirazi**  
Chairman

  
**Atsushi Yamazaki**  
Chief Executive