

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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## COMPANY INFORMATION

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- Board of Directors** : **Dewan Zia-ur-Rehman Farooqui**  
Chairman
- Dewan Ghulam Mustafa Khalid**  
Vice Chairman / Director
- Dewan Abdul Rehman Farooqui**  
Chief Executive / Managing Director
- Dewan Muhammad Ayub Khalid**  
Deputy Managing Director
- Dewan Mohammad Yousuf Farooqui**
- Dewan Asim Mushfiq Farooqui**
- Dewan Abdul Baqi Farooqui**
- Audit Committee** : **Dewan M. Yousuf Farooqui - Chairman**  
**Dewan M. Ayub Khalid - Member**  
**Dewan Asim Mushfiq Farooqui - Member**
- Auditors** : **Messrs Feroze Sharif Tariq & Co.**  
Chartered Accountants
- Chief Financial Officer** : **Mr. Mohammad Nadeem**
- Company Secretary** : **Mr. Mansoor Ahmed Siddiqui**
- Tax Advisors** : **Sharif & Company**  
Advocates
- Legal Advisor** : **A. K. Brohi & Co. Advocates**
- Bankers** : **Muslim Commercial Bank Limited**  
**Habib Bank Limited**  
**Bank Al-Falah Ltd.**  
**United Bank Ltd.**  
**Askari Commercial Bank Ltd.**  
**Union Bank Limited**  
**ABN Amro Bank**
- Registered Office** : **Dewan Centre**  
3-A, Lalazar,  
Beach Hotel Road,  
Karachi-74000,  
Pakistan.
- Factory Office** : **G / 11, S.I.T.E.**  
Kotri,  
Sind, Pakistan.



## DIRECTORS' REPORT

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

BEGIN IN THE NAME OF ALLAH  
THE MOST GRACIOUS AND MERCIFUL

The Board of Directors takes pleasure in presenting the un-audited financial statements for the 1<sup>st</sup> quarter ended September 30, 2006.

The company has earned profit before tax of Rs.3.85 million whereas Profit after tax of Rs.2.59 million in the current period under review. The sales during the period decreased from Rupees 292.59 million to Rupees 161.20 million, the net profit after tax decreased from Rupees 5.99 million to Rupees 2.59 million. The Markup rates remain at higher side resulting in reducing overall profitability of the company.

Despite high prices of raw material, your company had succeeded to earn gross profit margin of 15.27% as compared to the gross profit margin of 9.31% in the corresponding period. This is mainly due to managements continued efforts in reducing cost. The Management of the company is putting all possible efforts to increase the profitability by aggressive marketing, cutting down expenses and availing best mode of financing from financial institutions.

Your directors wish to thank institutions, customers, individual & staff members associated with the company for their continued support and cooperation & hope to get the same in future.

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Rahim, in the name of our beloved Prophet, peace be upon him, for continued showering of his Blessings, Guidance, Strength, Health & prosperity to us, our Company, Country and Nation; and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to whole Muslim Ummah, Ameen, Summa-Ameen.

اِنَّ رَبِّيْ لَسَمِيعُ الدُّعَاۗءِ۔ (القرآن)  
حقیقت میں میرا رب دعا کا بڑا سننے والا ہے۔

LO-MY LORD IS INDEED HEARER OF PRAYER (HOLY QURAN)

For and on behalf of the Board of Directors

Dewan Ghulam Mustafa Khalid  
Vice Chairman / Director

Dated: October 31, 2006



# BALANCE SHEET (UN-AUDITED)

AS AT SEPTEMBER 30, 2006

	Sep 30, 2006	June 30, 2006
	(Rupees)	
<b><u>EQUITY AND LIABILITIES</u></b>		
<b><u>CAPITAL &amp; RESERVES</u></b>		
<b><u>Authorized</u></b>		
15,000,000 (2005: 15,000,000) Ordinary Shares of Rs. 10/- each	150,000,000	150,000,000
<b>Issued, Subscribed and Paid-up Capital</b>	51,658,717	51,658,717
<b>General Reserve - (Revenue Reserve)</b>	135,000,000	135,000,000
<b>Unappropriated Profit</b>	109,193,698	106,604,171
<b>Shareholders Equity</b>	295,852,415	293,262,888
<b><u>NON-CURRENT LIABILITIES</u></b>		
<b>Redeemable Capital - Secured, Non-Participatory</b>	--	--
<b>Long Term Loan - Secured</b>	32,000,000	36,000,000
<b><u>Deferred Liabilities</u></b>		
<b>Provision for Staff Gratuity</b>	10,133,264	9,966,471
<b>Deferred taxation</b>	16,982,926	16,640,444
	27,116,190	26,606,915
<b><u>CURRENT LIABILITIES</u></b>		
<b>Trade and Other Payables</b>	292,458,690	333,292,414
<b>Mark-up accrued on loans</b>	5,827,000	11,173,940
<b>Short Term Borrowings - Secured</b>	322,515,567	338,116,950
<b>Current portion of Redeemable Capital</b>	9,375,000	12,500,000
<b>Current portion of Long Term Loan</b>	16,000,000	16,000,000
<b>Provision for Income Tax</b>	57,907,446	56,993,733
	704,083,703	768,077,037
<b>Contingencies and Commitments</b>		
	1,059,052,308	1,123,946,840
<b><u>ASSETS</u></b>		
<b><u>NON-CURRENT ASSETS</u></b>		
<b>Tangible Fixed Assets</b>	299,677,225	299,847,182
<b>Long Term Investment</b>	65,000,000	65,000,000
<b>Long Term Deposits</b>	85,400	85,400
<b><u>CURRENT ASSETS</u></b>		
<b>Stores, Spares and Loose Tools</b>	4,178,394	3,609,820
<b>Stock-in-Trade</b>	525,229,448	583,135,043
<b>Trade Debts - Considered Good</b>	83,250,160	87,382,458
<b>Loans and Advances - Unsecured, Considered good</b>	7,736,222	4,585,790
<b>Trade Deposits, Prepayments and Statutory Balances - Considered good</b>	15,970,368	23,629,635
<b>Other Receivables - Unsecured, Considered good</b>	3,620,000	3,722,001
<b>Income Tax Refunds and Advances</b>	49,626,867	49,529,073
<b>Cash and Bank Balances</b>	4,678,224	3,420,438
	694,289,683	759,014,258
	1,059,052,308	1,123,946,840

The annexed notes form an integral part of these accounts.

**Dewan Ghulam Mustafa Khalid**  
Vice Chairman / Director

**Dewan Abdul Rehman Farooqui**  
Managing Director / Chief Executive



**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2006

July 01, 2006  
to Sep 30, 2006

July 01, 2005  
to Sep 30, 2005

(Rupees)

SALES - Net	161,202,659	292,591,839
COST OF SALES	(136,586,326)	(265,343,144)
GROSS PROFIT	<u>24,616,333</u>	<u>27,248,695</u>
<b>Operating Expenses</b>		
Distribution Costs and Selling Expenses	(4,141,904)	(4,587,025)
Administrative and General Expenses	(4,851,037)	(3,377,327)
	<u>(8,992,941)</u>	<u>(7,964,352)</u>
OPERATING PROFIT	<u>15,623,392</u>	<u>19,284,343</u>
Finance Cost	(11,492,529)	(9,962,815)
	<u>4,130,863</u>	<u>9,321,528</u>
Other Charges	(285,144)	(644,230)
PROFIT BEFORE TAXATION	<u>3,845,719</u>	<u>8,677,298</u>
<b>Taxation</b>		
- Current	(913,710)	(2,690,023)
- Deferred	(342,482)	--
	<u>(1,256,192)</u>	<u>(2,690,023)</u>
PROFIT AFTER TAXATION	<u>2,589,527</u>	<u>5,987,275</u>
Earning Per Share - Basic	<u>0.50</u>	<u>1.16</u>

*The annexed notes form an integral part of these accounts.*

Dewan Ghulam Mustafa Khalid  
Vice Chairman / Director

Dewan Abdul Rehman Farooqui  
Managing Director / Chief Executive



**CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2006

	July 01, 2006 to Sep 30, 2006	July 01, 2005 to Sep 30, 2005
	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Taxation	3,845,720	8,677,298
Adjustment for Non-Cash and Other Items:		
Depreciation	4,540,693	4,367,767
Provision for Gratuity	694,335	786,455
Financial Expenses	11,492,529	9,962,815
	16,727,557	15,117,037
	20,573,277	23,794,335
<b>Working Capital Changes</b>		
<b>(Increase) / Decrease in Current Assets</b>		
Stores, Spares and Loose Tools	(568,574)	(569,571)
Stock-in-Trade	57,905,595	49,626,672
Trade Debts	4,132,298	(57,953,821)
Loans and Advances	(3,150,432)	(122,661)
Trade deposits, Prepayments & Statutory balances	7,659,267	(3,928,356)
Other Receivables	102,001	506,369
<b>Increase / (Decrease) in Current Liabilities</b>		
Trade and Other Payables	(40,833,724)	(2,973,431)
Short Term Borrowings	(15,601,383)	7,291,114
	9,645,048	(8,123,685)
Taxes Paid	(97,794)	1,046,652
Gratuity Paid	(527,542)	--
	(625,336)	1,046,652
<b>Net Cash Inflow/ (Outflow) from Operating Activities</b>	29,592,989	16,717,302
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed Capital Expenditure	(4,370,735)	(2,756,727)
<b>Net Cash Inflow/ (Outflow) from Investing Activities</b>	(4,370,735)	(2,756,727)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term Loan - Secured	(4,000,000)	--
Redeemable Capital - Net	(3,125,000)	(3,125,000)
Financial Expenses Paid	(16,839,468)	(10,290,737)
Dividend Paid	--	--
<b>Net Cash Inflow/ (Outflow) from Financing Activities</b>	(23,964,468)	(13,415,737)
Net Increase in Cash and Cash Equivalents	1,257,786	544,838
Cash and Cash Equivalents at the Beginning	3,420,438	3,722,922
Cash and Cash Equivalents at the End	4,678,224	4,267,760

The annexed notes form an integral part of these accounts.

Dewan Ghulam Mustafa Khalid  
Vice Chairman / Director

Dewan Abdul Rehman Farooqui  
Managing Director / Chief Executive



**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2006**

	Share Capital	General Reserve	Unappropriated Profit	Total
	(Rupees)			
Balance as on July 01, 2005	46,962,470	135,000,000	99,982,387	281,944,857
Profit After Tax			5,987,275	5,987,275
Balance as on September 30, 2005	46,962,470	135,000,000	105,969,662	287,932,132
Balance as on July 01, 2006	51,658,717	135,000,000	106,604,171	293,262,888
Issue of Bonus Shares as final stock dividend in respect of June 30, 2006				
Profit after Tax	--	--	2,589,527	2,589,527
Balance as on Sep 30, 2006	51,658,717	135,000,000	109,193,698	295,852,415

*The annexed notes form an integral part of these accounts.*

Dewan Ghulam Mustafa Khalid  
Vice Chairman / Director

Dewan Abdul Rehman Farooqui  
Managing Director / Chief Executive



**NOTES TO THE ACCOUNTS (UN-AUDITED)**  
**FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2006**

1. These financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting"

In order to comply with the requirements of the above IAS, these financial statements include the following:

- Balance sheet as at September 30, 2006, with comparative balance sheet as at June 30, 2006.
  - Profit and loss account for the 1<sup>st</sup> quarter ended September 30, 2006, with comparable profit and loss account for the comparable interim period, i.e., 1<sup>st</sup> quarter ended September 30, 2005.
  - Cash flow statement and statement of changes in equity for the three months ended September 30, 2006, with a comparative statement for the comparable three months ended September 30, 2005.
2. These financial statements are un-audited and are being submitted to the shareholders under the requirement of Section 245 of the Companies Ordinance, 1984
3. The accounting policies and methods of computation adopted in the preparation of these financial statements are the same as those applied in the preparation of the annual financial statements of the company for the preceding year ended June 30, 2006.

	September 30 2006	June 30, 2006
	(Rupees)	
4. <u>Redeemable Capital – Secured, Non-Participatory</u>		
Balance at beginning	12,500,000	25,000,000
Less: Repaid during the period	<u>3,125,000</u>	<u>12,500,000</u>
	9,375,000	12,500,000
Less: Installments due within the following twelve months	<u>9,375,000</u>	<u>12,500,000</u>
	-	-
5. <u>Long Term Loan -Secured</u>		
Balance at beginning	52,000,000	64,000,000
Less: Repaid during the period	<u>4,000,000</u>	<u>12,000,000</u>
	48,000,000	52,000,000
Less: Installments due within the following twelve months	<u>16,000,000</u>	<u>16,000,000</u>
	<u>32,000,000</u>	<u>36,000,000</u>
6. There have been no significant changes in contingencies during the period, while commitments for capital expenditures stand at Rs. 5.0 Million.		
7. Capital expenditures incurred during the period materially represent those incurred for civil works at plant.		
8. During the period, the aggregate of the transactions made by the company with its associated companies were purchases of Rs. 66.26 million and sales of Rs. 41.34 million.		
9. Comparative figures have been re-arranged/re-grouped, wherever necessary, in order to facilitate comparison.		
10. These financial statements were authorized for issue on October 31, 2006, by the board of directors of the company.		

Dewan Ghulam Mustafa Khalid  
Vice Chairman / Director

Dewan Abdul Rehman Farooqui  
Managing Director / Chief Executive