

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



CONTENTS

Company Information.....	2
Director's Report.....	3
Balance Sheet.....	4
Profit and Loss Account.....	5
Cash Flow Statement.....	6
Statement of Changes in Equity.....	7
Notes to the Accounts.....	8



COMPANY INFORMATION

Board of Directors	:	Dewan Zia-ur-Rehman Farooqui Chairman Dewan Ghulam Mustafa Khalid Vice Chairman / Director Dewan Muhammad Ayub Khalid Chief Executive / Managing Director Dewan Mohammad Yousuf Farooqui Deputy Managing Director Dewan Abdul Rehman Farooqui Dewan Asim Mushfiq Farooqui Shahid Anwar (NIT)
Audit Committee	:	Dewan M. Yousuf Farooqui - Chairman Dewan Abdul Rehman Farooqui - Member Dewan Asim Mushfiq Farooqui - Member
Auditors	:	Messrs Feroze Sharif Tariq & Co. Chartered Accountants 4/N/H, Block-6, P.E.C.H.S. Karachi.
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 Union Bank Ltd.
Registered Office	:	Dewan Centre 3-A, Lalazar, Beach Hotel Road, Karachi-74000, Pakistan.
Factory Office	:	A-30, S.I.T.E. Hyderabad 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 1st quarter ended September 30, 2006.

The company has earned profit before tax of Rs.7.94 million whereas Profit after tax of Rs.5.22 million in the current period under review. The sales during the period decreased from Rupees 512.91 million to Rupees 311.21 million, the net profit after tax decreased from Rupees 8.33 million to Rupees 5.22 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 8.62% as compared to the gross profit margin of 6.95% 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 لَسَمِیْعُ الدَّعَاۗءِ (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

<u>EQUITY AND LIABILITIES</u>	September 30, 2006	June 30, 2006
	(Rupees)	
<u>CAPITAL & RESERVES</u>		
<u>Authorized</u>		
10,000,000 (2005: 10,000,000) Ordinary Shares of Rs. 10/- each	100,000,000	100,000,000
Issued, Subscribed and Paid-up Capital	31,218,440	31,218,440
General Reserve - (a Revenue Reserve)	45,000,000	45,000,000
Unappropriated Profit	91,238,565	86,021,435
Shareholders Equity	167,457,005	162,239,875
<u>Deferred Liabilities</u>		
Provision for Staff Gratuity	26,903,230	25,469,761
Deferred taxation	31,389,573	32,056,617
	58,292,803	57,526,378
<u>CURRENT LIABILITIES</u>		
Trade and Other Payables	636,421,059	660,106,732
Mark-up accrued on loans	6,015,344	4,053,508
Short Term Borrowings - Secured	274,701,932	245,518,755
Current portion of Redeemable Capital	46,186,875	61,582,500
Provision for Income Tax	65,616,169	62,228,874
	1,028,941,379	1,033,490,369
Contingencies and Commitments	-	-
	1,254,691,187	1,253,256,622
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
Tangible Fixed Assets	387,188,984	391,434,264
Long Term Investment	40,000,000	40,000,000
Long Term Deposits	840,510	559,936
<u>CURRENT ASSETS</u>		
Stores, Spares and Loose Tools	10,197,040	10,885,773
Stock-in-Trade	668,903,754	635,063,250
Trade Debts - Considered Good	54,608,183	77,163,277
Loans and Advances - Unsecured, Considered good	7,176,566	7,212,053
Trade Deposits, Prepayments and Statutory Balances - Considered good	10,797,356	13,879,821
Other Receivables - Unsecured, Considered good	1,364,518	1,109,019
Income Tax Refunds and Advances	68,088,954	67,532,342
Cash and Bank Balances	5,525,322	8,416,887
	826,661,693	821,262,422
	1,254,691,187	1,253,256,622

The annexed notes form an integral part of these accounts.

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Muhammad Ayub Khalid
Chief Executive / Managing Director



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	311,206,714	512,908,089
COST OF SALES	(284,383,359)	(477,240,468)
GROSS PROFIT	<u>26,823,355</u>	<u>35,667,621</u>
Operating Expenses		
Distribution Costs and Selling Expenses	(5,018,269)	(6,906,632)
Administrative and General Expenses	(5,363,965)	(6,501,391)
	<u>(10,382,234)</u>	<u>(13,408,023)</u>
OPERATING PROFIT	<u>16,441,121</u>	<u>22,259,598</u>
Finance Cost	(7,906,562)	(9,198,500)
	<u>8,534,559</u>	<u>13,061,098</u>
Other Charges	(597,178)	(901,215)
PROFIT BEFORE TAXATION	<u>7,937,381</u>	<u>12,159,883</u>
Taxation		
- Current	(3,387,295)	(3,830,062)
- Deferred	667,044	--
	<u>(2,720,251)</u>	<u>(3,830,062)</u>
PROFIT AFTER TAXATION	<u>5,217,130</u>	<u>8,329,821</u>
Earning Per Share - Basic	<u>1.67</u>	<u>2.64</u>

The annexed notes form an integral part of these accounts.

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Muhammad Ayub Khalid
Chief Executive / Managing Director



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

July 01, 2006
to Sept 30, 2006

July 01, 2005
to Sept 30, 2005

(Rupees)

CASH FLOW FROM OPERATING ACTIVITIES

Profit before Taxation	7,937,381	12,159,883
Adjustment for Non-Cash and Other Items:		
Depreciation	10,140,490	10,072,362
Provision for Gratuity	1,433,469	1,313,269
Financial Expenses	7,906,561	9,198,500
	19,480,520	20,584,131
	27,417,901	32,744,014
Working Capital Changes		
<i>(Increase) / Decrease in Current Assets</i>		
Stores, Spares and Loose Tools	688,733	1,237,884
Stock-in-Trade	(33,840,504)	237,770,431
Trade Debts	22,555,094	(114,117,997)
Loans and Advances	35,487	4,117,863
Trade deposits, Prepayments & Statutory balances	3,082,465	(435,094)
Other Receivables	(255,499)	(641,625)
<i>(Increase) / Decrease in Current Liabilities</i>		
Trade and Other Payables	(23,685,673)	(117,518,272)
Short Term Borrowings	29,183,177	(12,524,881)
	(2,236,720)	(2,111,691)
Taxes Paid - net of refunds	(556,612)	(302,426)
Gratuity Paid	—	(729,299)
	(556,612)	(1,031,725)
Net Cash Inflow/ (Outflow) from Operating Activities	24,624,569	29,600,598

CASH FLOW FROM INVESTING ACTIVITIES

Fixed Capital Expenditure	(5,895,209)	(3,860,650)
Long Term Deposit	(280,574)	—
Net Cash Inflow/ (Outflow) from Investing Activities	(6,175,783)	(3,860,650)

CASH FLOW FROM FINANCING ACTIVITIES

Redeemable Capital - Net	(15,395,625)	(15,395,625)
Financial Expenses Paid	(5,944,726)	(9,103,498)
Dividend Paid	—	(490)
Net Cash Inflow/ (Outflow) from Financing Activities	(21,340,351)	(24,499,613)
Net Increase in Cash and Cash Equivalents	(2,891,565)	1,240,335
Cash and Cash Equivalents at the Beginning	8,416,887	3,665,010
Cash and Cash Equivalents at the End	5,525,322	4,905,345

The annexed notes form an integral part of these accounts.

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Muhammad Ayub Khalid
Chief Executive / Managing Director



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	28,380,400	45,000,000	78,108,820	151,489,220
Profit after Tax	--	--	8,329,821	8,329,821
Balance as on September 30, 2005	28,380,400	45,000,000	86,438,641	159,819,041
Balance as on July 01, 2006	31,218,440	45,000,000	86,021,435	162,239,875
Profit after Tax	--	--	5,217,130	5,217,130
Balance as on Sep 30, 2006	31,218,440	45,000,000	91,238,565	167,457,005

The annexed notes form an integral part of these accounts.

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Muhammad Ayub Khalid
Chief Executive / Managing Director



**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 1st quarter ended September 30, 2006, with comparable profit and loss account for the comparable interim period, i.e., 1st 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	61,582,500	123,165,000
Less: Repaid during the period	<u>15,395,625</u>	<u>61,582,500</u>
	46,186,875	61,582,500
Less: Installments due within the following twelve months	<u>46,186,875</u>	<u>61,582,500</u>
	-	-

5. There have been no significant changes in contingencies during the period, while commitments for capital expenditures stand at Rs. 2.6 Million.
6. Capital expenditures incurred during the period materially represent those incurred for civil works at plant.
7. During the period, the aggregate of the transactions made by the company with its associated companies were purchases of Rs. 270.03 million and sales of Rs. 5.57 million.
8. Comparative figures have been re-arranged/re-grouped, wherever necessary, in order to facilitate comparison.
9. 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 Muhammad Ayub Khalid
Chief Executive / Managing Director