

	NOTE	30 June 2006 Rupees	30 June 2005 Rupees
4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
2,952,429 ordinary shares of Rupees 10 each, issued for cash		29,524,290	29,524,290
100,000 ordinary shares of Rupees 10 each, issued as bonus shares		1,000,000	1,000,000
		<u>30,524,290</u>	<u>30,524,290</u>
5. SURPLUS ON REVALUATION OF FIXED ASSETS			
Opening Balance		235,649,065	238,242,541
Surplus realized on disposal of revalued fixed assets during the year/period		-	(227,109)
Incremental depreciation on revalued assets relating to current year/period transferred to accumulated profit/(losses) - net of deferred tax		(2,998,131)	(2,366,367)
		<u>232,650,934</u>	<u>235,649,065</u>
6. LONG TERM FINANCES			
Long term finances under mark-up arrangements from banking companies - secured			
PICIC Commercial Bank Limited (PCBL)	6.1	77,916,666	85,000,000
MCB Bank Limited (MCB)	6.2	5,710,000	7,616,000
Habib Bank Limited (HBL)	6.3	-	3,004,813
		<u>83,626,666</u>	<u>95,620,813</u>
Less: Current portion	13	<u>23,156,002</u>	<u>19,077,482</u>
		<u>60,470,664</u>	<u>76,543,331</u>
6.1 PICIC Commercial Bank Limited (PCBL)			
This represents term finance facility of Rupees 85 million under a swap agreement executed between PICIC Commercial Bank Limited, IDBP and the Company. It is repayable in 24 equal quarterly installments, commenced from July 26, 2005. This is secured against first equitable charge on land, building and machinery, hypothecation of current assets and personal guarantees of sponsor directors. It carries mark-up at the rate of six months KIBOR plus 4.5% per annum with a floor of 8% and no caps to be reviewed at the beginning of each calendar quarter.			
6.2 MCB Bank Limited (MCB)			
This is secured against second charge on all fixed assets and guarantees of sponsor directors. It carries mark-up at the rate of 10% per annum. The finance is repayable in 20 equal half yearly installments commenced from September 01, 1999. The bank has deferred payment of mark-up capitalized			
6.3 Habib Bank Limited (HBL)			
This was secured against third charge on fixed assets and personal guarantees of sponsor directors. It carried mark-up at the rate of 10% per annum. The finance was repayable in 12 half yearly installments commenced from September 01, 2000, and was finally repaid during the year and charge vacated.			
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Minimum lease payments		181,278,941	46,547,115
Less: Unamortized finance charges		<u>37,243,806</u>	<u>5,980,084</u>
Present value of minimum lease payments		144,035,135	40,567,031
Less: Current portion	13	<u>28,742,046</u>	<u>9,959,211</u>
		<u>115,293,089</u>	<u>30,607,820</u>
7.1			
The present value of minimum lease payments have been discounted at an implicit interest rate ranging from 8.50% to 15.45% (2005:8% to 15%) per annum to arrive at their present value.			
Lease rentals are payable in monthly installments. In case of default an additional charge of Rupee 1 and 83 Paise per thousand per day shall be payable. Taxes, repairs and insurance cost are to be borne by the Company. The Company shall have no right to terminate the lease agreement and if the lease agreement is terminated, the Company shall pay the entire amount for an expired period of lease agreement. Lease agreements are renewable at the option of lessor on such terms as may be agreed upon. Liabilities are secured against charge on the leased assets, personal guarantees of sponsor directors and security deposit of Rupees 21,455,780 (2005: Rupees 6,166,390) as provided in Note 17.			
7.2			
Minimum lease payments and present value of minimum lease payments are regrouped as under:			

30 June 2006

30 June 2005

	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Due not later than one year	43,692,724	28,742,046	16,011,952	9,959,211
Due later than one year not later than five years	137,586,217	115,293,089	30,535,163	30,607,820
	<u>181,278,941</u>	<u>144,035,135</u>	<u>46,547,115</u>	<u>40,567,031</u>

NOTE

30 June 2006
Rupees

30 June 2005
Rupees

8. DEFERRED TAXATION

The liability for deferred tax comprises temporary differences relating to:

Taxable temporary difference

Accelerated tax depreciation allowance

Liability against assets subject to finance lease

132,874,922	138,753,367
3,122,350	1,764,350
<u>135,997,272</u>	<u>140,517,717</u>

Deductible temporary differences

Tax losses carry forward

Provision for gratuity

(9,732,002)	(13,420,669)
(869,400)	(86,800)
<u>(10,601,402)</u>	<u>(13,507,469)</u>
<u>125,395,870</u>	<u>127,010,248</u>

- 8.1 The movement in deferred tax assets and liabilities during the year without taking into consideration the off setting of balance within the same tax jurisdiction is as follows:

	Deferred tax liability			Deferred tax assets			Net liability/ (asset)
	Assets subject to finance lease	Accelerated tax depreciation	TOTAL	Provision for gratuity	Tax losses carry forward	TOTAL	
	----- (R u p e e s) -----						
Balance as at July 01, 2004	782,250	143,386,509	144,168,759	708,050	(16,592,363)	(15,884,313)	128,284,446
Charged/(credited) to income statement	982,100	(4,633,142)	(3,651,042)	(794,850)	3,171,694	2,376,844	(1,274,198)
Balance as at June 30, 2005	<u>1,764,350</u>	<u>138,753,367</u>	<u>140,517,717</u>	<u>(86,800)</u>	<u>(13,420,669)</u>	<u>(13,507,469)</u>	<u>127,010,248</u>
Charged/(credited) to income statement	1,358,000	(5,878,445)	(4,520,445)	(782,600)	3,688,667	2,906,067	(1,614,378)
Balance as at June 30, 2006	<u>3,122,350</u>	<u>132,874,922</u>	<u>135,997,272</u>	<u>(869,400)</u>	<u>(9,732,002)</u>	<u>(10,601,402)</u>	<u>125,395,870</u>

9. DEFERRED MARK UP

MCB Bank Limited (MCB) has deferred payment of mark-up capitalized of Rupees 12.455 million (2005: Rupees 12.455 million) which will be repaid in 20 equal half yearly installments with effect from September 01, 2009, after the principal repayment of original demand finance.

NOTE

30 June 2006
Rupees

30 June 2005
Rupees

10. TRADE AND OTHER PAYABLES

Secured creditors:

Against letters of credit

26,650,242

19,374,589

Un-secured creditors:

For goods

87,839,439

22,100,234

For services

735,643

1,347,699

88,575,082

23,447,933

	Advances from customers		19,952,563	4,599,772
	Sales Tax payable		-	6,369,985
	Short term employees benefits		425,939	274,159
	Withholding tax payable		319,372	64,849
	Unclaimed dividend		145,283	15,574
	Workers' profit participation fund	10.1	1,775,253	1,054,387
	Others		11,874,009	8,988,115
			<u>149,717,743</u>	<u>64,189,363</u>
10.1	Workers' profit participation fund			
	Balance at the beginning of the year/period		1,054,387	534,989
	Allocation for the year/period	28	1,775,253	1,054,387
	Interest on funds utilized in the Company's business	30	87,068	15,683
			<u>1,862,321</u>	<u>1,070,070</u>
			2,916,708	1,605,059
	Less: Payments to the fund		(1,141,455)	(550,672)
			<u>1,775,253</u>	<u>1,054,387</u>
10.2	The Company retains workers' profit participation fund for its business operations till the date of its allocation to workers. Mark-up is paid at the prescribed rate under the Companies Profits (Workers' Participation) Act, 1968 on the funds utilized by the Company till the date of its allocation to workers.			
11.	ACCRUED MARK-UP			
	Long term finances		2,042,801	2,062,471
	Liabilities against assets subject to finance lease		-	16,820
	Short term borrowings		2,663,162	1,069,086
			<u>4,705,963</u>	<u>3,148,377</u>
12.	SHORT TERM BORROWINGS-Secured			
	From banking companies:			
	Cash finances	12.1	125,907,593	45,095,878
	Running finance	12.2	9,966,069	9,998,547
	Book overdraft		8,768,036	174,988
			<u>144,641,698</u>	<u>55,269,413</u>

12.1 These are secured against pledge of stock of raw materials, finished goods and personal guarantees of sponsor directors. Rate of mark-up on these finances ranges from 27 paisa to 34 paisa (2005: from 16 paisa to 31 paisa) per thousand per day. The total sanctioned limits of these facilities obtained from three (2005:three) financial institutions is Rupees 220 million (2005:Rupees 135 million).

12.2 This represents running finance facility of Rupees 10 million (2005:Rupees 10 million) obtained from PICIC Commercial Bank Limited. It is secured against first equitable charge on land, building and machinery, hypothecation on current assets and personal guarantees of three sponsor directors. Rate of mark up on this finance is 31 paisa to 38 paisa (2005: 34 paisa) per thousand per day .

	NOTE	30 June 2006 Rupees	30 June 2005 Rupees
13. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term finances:	6		
Current		16,072,668	19,077,482
Over Due		7,083,334	-
		23,156,002	19,077,482
Finance leases:	7		
Current		28,742,046	9,822,442
Over Due		-	136,769
		28,742,046	9,959,211
		<u>51,898,048</u>	<u>29,036,693</u>

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

Taxation

- (a) Income tax demand for assessment year 2002-2003 was raised for Rupees 774,582 out of which 15% amounting to Rupees 116,188 was paid. The Company filed an appeal with the Commissioner of Income Tax (Appeals) Zone III Lahore. The decision was in the Company's favour on April 11, 2005, but the Income Tax department filed an appeal with the Income Tax Appellate Tribunal on August 04, 2005 which is pending for hearing. No provision for the remaining demand made in the financial statements as the Company is confident of outcome of the appeal in its favour.
- (b) The Company filed an appeal with the Commissioner of Income Tax (Appeals) Zone III Lahore against the assessment order for assessment year 1998-1999, in which Rupees 44.306 million were treated as income of the Company. The appeal was decided in Company's favour on May 02, 2005. The Company applied for appeal effects to the concerned taxation officer but benefit of Rupees 44.306 million has not yet given. The Company has filed rectification application in this regard but income tax department has filed an appeal with Income Tax Appellate Tribunal Islamabad against the order of the CIT (A). No provision for the demand has been made in the financial statements as the Company is confident of favourable outcome of the appeal.
- (c) There were no significant changes in the contingencies since the last audited financial statements except liability of Rupees 3.5 million on decision to be made by CBR (Central Board of Revenue) against the application to pay custome duty @ 5% under SRO 594(1)/98 date June 12, 1998 as amended by SRO 452(1)/2004 dated June 12, 2004 to avail exit scheme on imported machinery released against bonded license.

14.2 Commitments

Letters of credit for import of plant and machinery amounting to Rupees 46.692 million (2005:Rupees 61.746 million).

	30 June 2006 Rupees	30 June 2005 Rupees
15. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 15.1 and 15.2)	589,945,308	526,815,635
Capital work in progress-Buildings	9,811,140	5,347,572
	<u>599,756,448</u>	<u>532,163,207</u>