

Balance Sheet

As at June 30, 2008

NON-CURRENT ASSETS

Property, plant and equipment
Goodwill
Long-term investments (subsidiaries and an associate)
Long-term loans
Long-term deposits
Deferred taxation

CURRENT ASSETS

Stores
Stock in trade
Trade debts
Loans and advances
Trade deposits and short-term prepayments
Other receivables
Taxation - net
Cash and bank balances

Note	2008 (Rupees '000)	2007
6	614,447	625,723
7	52,350	-
8	13,849	13,849
9	14,034	14,507
	8,038	8,539
10	37,718	-
	740,436	662,618
11	6,028	4,848
12	873,297	570,944
13	569,402	599,782
14	84,686	38,170
15	18,171	17,677
16	391,845	37,361
	40,096	25,502
17	192,281	143,167
	2,175,806	1,437,451
	2,916,242	2,100,069

Continued.

SHARE CAPITAL AND RESERVES

Share capital
Reserves

SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX

NON-CURRENT LIABILITY

Deferred taxation
Long-term financing

CURRENT LIABILITIES

Trade and other payables
Accrued mark-up
Current maturity of long-term financing
Short-term borrowings

TOTAL LIABILITIES

CONTINGENCIES AND COMMITMENTS

Note	2008 (Rupees '000)	2007
18	81,864	69,376
19	213,449	315,657
	295,313	385,033
20	154,744	173,697
10	-	45,567
21	116,666	-
22	989,484	691,796
23	43,524	20,782
21	66,667	-
24	1,249,844	783,194
	2,349,519	1,495,772
	2,466,185	1,541,339
25	2,916,242	2,100,069

The annexed notes 1 to 46 form an integral part of these financial statements.

Khurram Nagori
Chief Financial Officer

Bashir Ahmed
Chief Executive

Dr. Mahmood Ahmad
Director

Profit And Loss Account

For the year ended June 30, 2008

Net sales

Cost of sales

Gross profit

Distribution cost

Administrative expenses

Operating (loss) / profit

Other operating income

Other charges

Finance cost

(Loss) / profit before taxation

Taxation

(Loss) / profit after taxation

(Loss) / earnings per share

Note	2008 (Rupees '000)	2007
26	3,123,311	2,904,050
27	2,519,880	2,161,930
	603,431	742,120
28	609,415	513,322
29	92,880	75,307
	702,295	588,629
	(98,864)	153,491
30	37,162	49,459
	(61,702)	202,950
31	35,229	12,068
32	138,257	90,130
	173,486	102,198
	(235,188)	100,752
33	60,971	51,673
	(174,217)	49,079
	Rupees	Rupees
34	(25.10)	7.07

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Cash Flow Statement

For the year ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Cash (utilised) in / generated from operations
 Finance cost paid
 Income tax paid
 Long-term loans
 Long-term deposits

Net cash outflow from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure
 Goodwill on business combination
 Sale proceeds on disposal of property, plant and equipment
 Long term investment
 Dividend received
 Net cash outflow from investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Issue of ordinary share capital (right shares)
 Premium received on issue of right shares
 Short-term borrowings - net
 Long-term financing
 Dividend paid
 Net cash inflow from financing activities
 Net decrease in cash and cash equivalents
 Cash and cash equivalents as at July 1
 Cash and cash equivalents as at June 30

The annexed notes 1 to 46 form an integral part of these financial statements.

Note	2008 (Rupees '000)	2007
36	(287,919)	75,926
	(115,515)	(83,136)
	(30,265)	(40,353)
	473	(4,399)
	501	(1,477)
	(432,725)	(53,439)
	(172,916)	(99,610)
	(58,000)	-
	2,242	7,622
	-	(510)
	1,594	-
	(227,080)	(92,498)
	12,488	-
	56,819	-
	(150,000)	168,000
	183,333	-
	(10,371)	(39,926)
	92,269	128,074
	(567,536)	(17,863)
	(290,027)	(272,164)
37	(857,563)	(290,027)

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Statement Of Changes In Equity

For the year ended June 30, 2008

	Issued, subscribed and paid-up share capital	Capital Reserves		Revenue Reserves		Total
		Share premium	Reserve for issue of bonus shares	General reserve	Unappropriated profit / (accumulated loss)	
	(Rupees '000)					
Balance as at June 30, 2006	57,813	-	-	205,000	104,356	367,169
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets during the year - net of tax	-	-	-	-	9,254	9,254
Transfer to general reserve	-	-	-	80,000	(80,000)	-
Profit after taxation for the year ended June 30, 2007	-	-	-	-	49,079	49,079
Final cash dividend for the year ended June 30, 2006 (Rs 4 per ordinary share)	-	-	-	-	(23,125)	(23,125)
Interim cash dividend for the year ended June 30, 2007 (Rs 2.5 per ordinary share)	-	-	-	-	(17,344)	(17,344)
Transferred to reserve for issue of bonus shares	-	-	11,563	-	(11,563)	-
Issue of bonus shares	11,563	-	(11,563)	-	-	-
Balance as at June 30, 2007	<u>69,376</u>	<u>-</u>	<u>-</u>	<u>285,000</u>	<u>30,657</u>	<u>385,033</u>
Balance as at July 1, 2007	69,376	-	-	285,000	30,657	385,033
Issue of 1,248,770 right shares at par	12,488	-	-	-	-	12,488
Premium on right shares (Rs 45.5 per ordinary share)	-	56,819	-	-	-	56,819
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets during the year - net of tax	-	-	-	-	3,741	3,741
Surplus on revaluation of property, plant and equipment realised on disposal of related assets during the year - net of tax	-	-	-	-	21,855	21,855
Loss after taxation for the year ended June 30, 2008	-	-	-	-	(174,217)	(174,217)
Final cash dividend for the year ended June 30, 2007 (Rs 1.5 per ordinary share)	-	-	-	-	(10,406)	(10,406)
Balance as at June 30, 2008	<u>81,864</u>	<u>56,819</u>	<u>-</u>	<u>285,000</u>	<u>(128,370)</u>	<u>295,313</u>

The annexed notes 1 to 46 form an integral part of these financial statements.

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Notes To And Forming Part Of The Financial Statements

For the year ended June 30, 2008

1. THE COMPANY AND ITS OPERATIONS

The company was incorporated in Pakistan on March 25, 1950 as a private limited company under the Companies Act, 1913 and was subsequently converted into a public limited company. The company is listed on the Karachi and Islamabad stock exchanges. The company is engaged in the manufacturing of paints, varnishes and other related items. Slotrapid Limited, based in British Virgin Island is the holding company.

The registered office of the company is situated at D-31, South Avenue, S.I.T.E., Karachi and the production facilities of the company are located in Karachi and Lahore.

2. SIGNIFICANT EVENTS DURING THE YEAR

2.1 ACQUISITION OF PACKAGING INK BUSINESS

During the current year the company has acquired assets of the Packaging Inks business unit of an ink manufacturing company (the seller) through a sale purchase agreement dated October 2, 2007 (the Agreement). The assets acquired include items of plant, machinery and equipment, stock in trade (including stores and spares) and trade debts.

In accordance with paragraph 62 of the International Financial Reporting Standard No. 3 'Business Combinations' (IFRS 3), the company had accounted for the transaction by using provisional values of the aforementioned assets aggregating Rs 259.731 million as appearing in the books of account of the seller. The values of these assets have been finally determined through a mutual agreement between the company and the seller and have accordingly been incorporated in these financial statements. The fair value of the assets acquired aggregated Rs 226.494 million. The details of these assets are as follows:

Stock in trade (including stores and spares)

Plant, machinery and equipment

Trade debts

Less : Provision for doubtful debts

Value of assets acquired

Purchase consideration

Goodwill on acquisition of business

Provisional values (Rupees '000)	Fair values
127,752	110,703
26,079	24,123
116,865	98,739
(10,965)	(7,071)
105,900	91,668
259,731	226,494
	254,494
	28,000

The goodwill is attributable to gaining access to an established customer base. Further, certain stock in trade acquired in the aforementioned business combination was destroyed during the January incident, an insurance claim against which has been filed with the insurance company (see note 12.3).

The company has acquired control over the aforementioned assets with effect from October 31, 2007 i.e. the acquisition date as stipulated in the Agreement. The aggregate amount of profit before taxation earned by the company since the acquisition date from this business included in the company's loss for the year ended June 30, 2008 is Rs 17.099 million.