

ITTEHAD CHEMICALS LIMITED
UN-AUDITED ACCOUNTS FOR THE PERIOD ENDED
MARCH 31, 2006

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CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Muhammad Siddique Khatri Mr. Abdul Ghafoor Khatri Mr. Abdul Sattar Khatri Mr. Abdul Aziz Khatri Mr. Mansoor Ahmed Khatri Ms. Farhana Abdul Sattar Mr. Fawad Yousuf	Chairman & Chief Executive Director Director Director Director Director Director
AUDIT COMMITTEE	Mr. Mansoor Ahmed Khatri Mr. Abdul Sattar Khatri Mr. Muhammad Siddique Khatri	Chairman Member Member
CHIEF FINANCIAL OFFICER	Mr. Javed Iqbal	
COMPANY SECRETARY	Mr. Noor Zaman Khan	
REGISTERED OFFICE/HEAD OFFICE	39-Empress Road, P.O. Box 1414, Lahore-54000. Tel : 042- 6306586 - 88 Fax : 042- 6365697 www.ittehadchemicals.com E-mail: info@ittehadchemicals.com	
PLANT	G.T. Road, Kala Shah Kaku, District Sheikhpura. Ph : 042-7980026 - 28 Fax : 042-7981646	
SHARE REGISTRARS	M/s. Corplink (Pvt.) Limited Corporate and Financial Consultants Wings Arcade, 1-K Commercial, Model Town, Lahore. Ph: 042-5839182 Fax: 042-5869037	
BANKERS TO THE COMPANY	Askari Commercial Bank Ltd Metropolitan Bank Ltd MCB Bank Ltd Pakistan Industrial Credit & Investment Corporation Ltd Saudi Pak Industrial & Agricultural Investment Co. (Pvt.) Ltd Pak Libya Holding Co. (Pvt.) Ltd The Bank of Punjab Faysal Bank Ltd United Bank Ltd KASB Bank Limited Union Bank Ltd Citi Bank	
AUDITORS	M/s. Ebrahim & Co., Chartered Accountants, Suite No. 516, 5 th Floor, Alfalah Building, Shahrah-e-Quaid-e-Azam, Lahore. Ph : 042-6361113 Fax : 042-6312508	
LEGAL ADVISORS	M/s. Tahir Ali Tayebi & Co. 310, Marine Point, Schon Circle, Block 9, Clifton, Karachi. Ph : 021-537 04 58 Fax : 021-537 04 59	

DIRECTORS' REVIEW

On behalf of the Board of Directors of Ittehad Chemicals Limited I am delighted to present the un-audited accounts of the Company for the period and quarter ended March 31, 2006.

During the period under review your Company enjoyed continued growth in net sales which ended up at Rs. 1,581.54 million as against Rs. 1,361.22 million in the preceding period reflecting an increase of 16.19% over the same preceding period. This increased sale together with cost effective measures have caused a remarkable improvement in gross margin and G.P ratio improved to 20.21 % from 15.80% in the same period last year. Higher finance cost resulting from increase in working capital needs and appreciation in mark up rates had however affected the profitability and therefore profit before tax could not post the growth similar to the operating profit. Highlights of operating results of the Company for the period under review are as under:

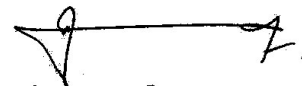
- Profit from operations came in at Rs. 206.26 million as against Rs. 129.13 million recording a growth of 59.73 % over the same corresponding period last year.
- Profit before tax and after tax stood at Rs. 106.34 million and Rs. 73.79 million respectively compared with Rs 84.66 million and Rs. 46.95 million posting an improvement of 25.61% and 57.17% respectively.
- Earning per share reached to Rs. 2.46 per share from Rs. 1.57 per share for the preceding period.

Although the Company's operations have generated a healthy cash flow of Rs. 368.30 million for the period under review as compared to Rs. 96.11 million in the same preceding period but heavy capital expenditure in conjunction with increased finance cost and greater repayments against term loans have has a slight adverse impact on the total cash flows of the Company. The major capital expenditure has been incurred on IEM expansion plant which was partly financed from own sources. The cash flows would show a healthy upward trend as the energy efficient IEM expansion plant, Alhamd-o-lillah, has started commercial production in the first week of April 2006. The plant has a capacity to produce 100 metric tons of caustic soda per day. This expansion will bring two fold improvements both in profitability and cash flows of the Company in the next coming quarters, first through production at lower cost and second through maximum utilization of generation capacity of the captive power plant of the Company.

Although finance and other production costs have risen sharply, the commitment of our Board of Directors, together with the prospects for continuing growth in demand of our products, give us confidence in the future of your company.

I would like to record the Board's appreciation to the Company's staff, valued customers and all other stakeholders for their continuing commitment and cooperation.

On behalf of the Board



Muhammad Siddique Khatri
Chief Executive

Lahore: April 28, 2006

BALANCE SHEET AS AT MARCH 31, 2006

	Note	March 31, 2006 Unaudited (Rupees in thousand)	June 30, 2005 Audited
ASSETS			
NON CURRENT ASSETS			
Property, Plant and equipment			
Operating fixed assets	4	1,480,276	686,562
Capital work in progress	5	393,263	807,334
		<u>1,873,539</u>	<u>1,493,896</u>
Long term investments		893	341
Deferred cost		1,963	2,601
Long term deposits		14,658	14,658
		<u>1,891,053</u>	<u>1,511,496</u>
CURRENT ASSETS			
Stores, spares and loose tools	6	328,714	274,793
Stock in trade	7	111,908	92,759
Trade debts		192,935	171,516
Loans and Advances	8	81,510	118,800
Trade deposits and short term prepayments		7,854	4,198
Other receivables		252	8,964
Tax refunds due from the Government		25,851	59,968
Taxation- net		49,030	75,773
Cash and bank balances		42,871	80,831
		<u>840,925</u>	<u>887,602</u>
TOTAL ASSETS		<u><u>2,731,978</u></u>	<u><u>2,399,098</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
75,000,000 (June 30, 2005: 75,000,000) shares of Rs. 10 each	9	<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid up capital			
30,000,000 (June 30, 2005: 30,000,000) ordinary shares of Rs.10 each		300,000	300,000
Capital reserve - Fair value reserve		884	333
Unappropriated profit		280,304	206,516
Shareholders' equity		<u>581,188</u>	<u>506,849</u>
NON CURRENT LIABILITIES			
Redeemable capital	10	124,900	166,533
Long term financing	11	495,143	592,820
Long term Morabaha	12	289,312	187,500
Deferred liabilities		157,221	117,154
		<u>1,066,576</u>	<u>1,064,007</u>
CURRENT LIABILITIES			
Trade and other payables		243,266	201,683
Mark up accrued		34,666	18,025
Short term borrowings		480,905	359,397
Current portion of long term borrowings		325,377	249,137
		<u>1,084,214</u>	<u>828,242</u>
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>2,731,978</u></u>	<u><u>2,399,098</u></u>

Note: The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED MARCH 31, 2006 (UN AUDITED)**

	Note	Nine months ended		Quarter ended	
		March. 31, 2006	March. 31, 2005	March. 31, 2006	March. 31, 2005
		(Rupees in thousand)			
Gross sales		1,846,857	1,610,847	625,048	582,062
Sales tax and commission		<u>(265,313)</u>	<u>(249,624)</u>	<u>(89,751)</u>	<u>(101,893)</u>
Net sales		1,581,544	1,361,223	535,297	480,169
Cost of sales	14	<u>(1,261,829)</u>	<u>(1,146,141)</u>	<u>(436,322)</u>	<u>(404,719)</u>
Gross profit		319,715	215,082	98,975	75,450
Selling and distribution expenses		(74,058)	(50,665)	(29,885)	(19,320)
Administrative expenses		(39,810)	(33,576)	(12,858)	(11,924)
Other operating income		6,264	2,997	1,795	560
Other operating expenses		<u>(5,861)</u>	<u>(4,705)</u>	<u>(1,026)</u>	<u>(1,465)</u>
Operating profit		206,250	129,133	57,001	43,301
Finance cost		<u>(99,915)</u>	<u>(44,475)</u>	<u>(38,357)</u>	<u>(16,256)</u>
Net profit for the period		106,335	84,658	18,644	27,045
Taxation		<u>(32,547)</u>	<u>(37,707)</u>	<u>7,615</u>	<u>(8,869)</u>
Profit after taxation		<u><u>73,788</u></u>	<u><u>46,951</u></u>	<u><u>26,259</u></u>	<u><u>18,176</u></u>
Earning per share - Basic and diluted	16				
Before provision for taxation		<u>Rs. 3.54</u>	<u>Rs. 2.82</u>	<u>Rs. 0.62</u>	<u>Rs. 0.90</u>
After provision for taxation		<u>Rs. 2.46</u>	<u>Rs. 1.57</u>	<u>Rs. 0.88</u>	<u>Rs. 0.61</u>

Note: The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2006 (UN-AUDITED)**

	Nine months ended	
	March. 31, 2006	March. 31, 2005
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	106,335	84,658
Adjustments for non cash charges and other items		
Depreciation	103,595	57,303
Provision for gratuity	338	226
Amortization of deferred cost	638	638
Provision for doubtful debts	2,002	1,291
Provision for bad and doubtful debts written back	(496)	-
Advances and deposits written off	-	732
Gain on sale of fixed assets	-	(83)
Loss / (gain) on foreign exchange	69	(158)
Finance cost	99,915	44,475
	312,396	189,082
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(53,921)	(58,606)
Stock in trade	(19,149)	(44,368)
Trade debts	(22,688)	(13,969)
Loans and Advances	37,290	(43,932)
Trade deposits and short term prepayments	(3,656)	(1,260)
Other receivables	8,712	6,164
Tax refunds due from the Government	53,471	-
	59	(155,971)
Increase / (Decrease) in current liabilities		
Trade and other payables	57,489	68,430
Cash generated from operations	369,944	101,541
Taxes paid	(1,403)	(5,310)
Gratuity paid	(238)	(117)
Net cash generated from operating activities	368,303	96,114
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(483,238)	(688,977)
Proceeds from disposal of operating fixed assets	-	445
Long term deposits	-	(2,730)
Net cash used in investing activities	(483,238)	(691,262)
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital	(41,633)	(50)
Long term financing	(63,375)	513,321
Long term morabaha	143,750	-
Liabilities against assets subject to finance leases	-	(253)
Finance cost paid	(83,275)	(28,495)
Short term borrowings	121,508	117,376
Net cash generated from financing activities	76,975	601,899
Net (decrease) / increase in cash and cash equivalents	(37,960)	6,751
Cash and cash equivalents at beginning of the period	80,831	30,731
Cash and cash equivalents at end of the period	42,871	37,482

Note: The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE


DIRECTOR

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2006 (UN-AUDITED)**

	Issued, subscribed and paid- up capital	Reserve for issue bonus shares	Capital reserve – fair value reserve	Un- appropriated profit	Total
 (Rupees in thousand)				
Balance as at July 1, 2004	250,000	–	167	206,026	456,193
Profit for the period	–	–	–	46,951	46,951
Fair value gain	–	–	130	–	130
Transfer to reserve for issue of bonus shares	–	50,000	–	(50,000)	–
Balance as at March 31, 2005	250,000	50,000	297	202,977	503,274
Profit for the period	–	–	–	3,539	3,539
Fair value gain	–	–	36	–	36
Issue of bonus shares	50,000	(50,000)	–	–	–
Balance as at June 30, 2005	300,000	–	333	206,516	506,849
Profit for the period	–	–	–	73,788	73,788
Fair value gain	–	–	551	–	551
Balance as at March 31, 2006	300,000	–	884	280,304	581,188

Note: The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2006 (UN-AUDITED)**

1. NATURE AND STATUS OF BUSINESS

Ittehad Chemicals Limited (the Company) was incorporated on September 28, 1991 to takeover the assets of Ittehad Chemicals and Ittehad Pesticides under a Scheme of Arrangement dated June 18, 1992 as a result of which the Company became a wholly owned subsidiary of Federal Chemical and Ceramics Corporation (Private) Limited. The Company was privatized on July 03, 1995 when 90% of the shares were transferred to the buyer.

The Company was listed on Karachi Stock Exchange on April 14, 2003 when sponsors of the Company offered 25% of the issued, subscribed and paid up shares of the Company to the general public.

The registered office of the Company is situated at 39, Empress Road, Lahore. The Company is engaged in business of manufacturing and selling caustic soda and other allied chemicals. The Company also deals in real estate business.

2. STATEMENT OF COMPLIANCE

These financial statements are unaudited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard 34 “Interim Financial Reporting” as applicable in Pakistan.

3. ACCOUNTING POLICIES

The accounting policies adopted and method of computation followed in the preparation of these financial statements are the same as those of the preceding annual financial statements for the year ended June 30, 2005. The following new policies have been adopted:

3.1 Freehold land held for sale

Freehold land held for sale in the ordinary course of business is initially recognized as stock in trade at cost. After initial recognition it is measured at the lower of cost and net realizable value.

3.2 Revenue recognition for freehold land held for sale

Revenue from sale of freehold land held for sale is recognized in the period in which legal title passes to the buyer.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2006 (UN-AUDITED)**

	Note	Nine months ended March. 31, 2006 (Rupees in thousand)	Year ended June 30, 2005
4. OPERATING FIXED ASSETS			
Opening book value		686,562	739,316
Add: Additions during the period / year	4.1	897,309	25,736
		<u>1,583,871</u>	<u>765,052</u>
Less:			
Disposals and retirements during the period / year	4.2	-	1,654
Depreciation charged during the period / year		103,595	76,836
		<u>103,595</u>	<u>78,490</u>
Closing book value		<u>1,480,276</u>	<u>686,562</u>
4.1 Details of additions during the period / year are as follows:			
Buildings on freehold land		29,373	6,983
Plant and machinery		843,746	13,114
Other equipment		27	-
Furniture and fixtures		150	243
Vehicles		23,176	3,598
Office and other equipment		837	1,798
		<u>897,309</u>	<u>25,736</u>
4.2 Details of disposals/retirements during the period/year are as follows:			
Vehicles		-	997
Vehicles -Leased		-	657
		<u>-</u>	<u>1,654</u>
5. CAPITAL WORK-IN-PROGRESS			
This consists of:			
Building		1,765	25,257
Plant and machinery		391,498	782,077
		<u>393,263</u>	<u>807,334</u>
5.1 An amount of Rs. 855.395 million (June 30, 2005: Rs. 1.807 million) has been transferred to operating fixed assets during the period.			

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2006 (UN-AUDITED)**

	Nine months ended March 31, 2006	Year ended June 30, 2005
	(Rupees in thousand)	
6. STORES, SPARES AND LOOSE TOOLS		
Stores	101,493	102,434
Spares		
in hand	230,069	179,066
in transit	19,367	15,302
	249,436	194,368
Loose tools	217	423
	351,146	297,225
Less: Provision for slow moving and obsolete items	22,432	22,432
	328,714	274,793

7. STOCK IN TRADE

These include a freehold land held for sale amounting to Rs. 15.210 million. The forced sale value of the land as determined by Sakina Enterprises "the approved valuer" as at the balance sheet date was Rs. 15.550 million.

8. LOANS AND ADVANCES

The amount under this head includes payments aggregating to Rs. 32.985 million made for the purchase of land in respect of which registration title is in process. The management has an understanding with the contracting party that no further amounts are payable under the previously executed agreements referred in note: 10.1 of the notes to the audited financial statements for the year ended June 30, 2005 as the quantum of land purchased has been proportionately reduced. Based on the valuation report of M/s Sakina Enterprises "the approved valuer" the fair value of this land is greater than the amount paid.

9. AUTHORISED SHARE CAPITAL

50,000,000 ordinary shares of Rs. 10/-each	500,000	500,000
25,000,000 preference shares of Rs. 10/-each	250,000	250,000
	750,000	750,000

The Company in its Extra Ordinary General Meeting held on August 10, 2005 had passed a special resolution to raise Rs. 250.00 million through issuance of 25,000,000 non voting cumulative preference shares (PS issue) of Rs.10/- each to the banks and financial institutions for the purpose of investment of Rs. 175.00 million in Chemi Chloride Industries Limited (CCIL), an associated company, for setting up a Calcium Chloride plant by the said company and utilization of rest of the amount for expansion of IEM plant of the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2006 (UN-AUDITED)**

Approval from SECP had also been obtained for issuance of 20,000,000 shares of Rs. 10/- each amounting to Rs. 200.00 million to certain interested investors with the directions to the Company to arrange the prospective investors for the rest of the issue of Rs. 50.00 million. In the meanwhile sharp development in mark up rates has been noted in the financial market which caused the investors to change their mind. In view of the foregoing, Board of Directors of Ittehad Chemicals Limited, the Company, recommends for canceling the issuance of Preference Shares subject to approval of General Meeting of the Company.

	Nine months ended March. 31, 2006 (Rupees in thousand)	Year ended June 30, 2005
10. REDEEMABLE CAPITAL		
Balance as at July 01	249,800	249,900
Repayments made during the period / year	(41,633)	(100)
	208,167	249,800
Current portion shown under current liabilities	(83,267)	(83,267)
	124,900	166,533
11. LONG TERM FINANCING		
From banking companies and financial Institutions - Secured		
Balance as at July 01	726,190	337,725
Obtained during the period / year	60,000	500,000
	786,190	837,725
Repayments made during the period / year	(103,375)	(111,535)
	682,815	726,190
	(187,672)	(153,370)
	495,143	572,820
From directors and others- Unsecured		
Balance as at July 01	20,000	20,000
Repayments made during the period / year	(20,000)	-
	-	20,000
	495,143	592,820

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2006 (UN-AUDITED)**

	Nine months ended March. 31, 2006	Year ended June 30, 2005
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(Rupees in thousand)

12. LONG TERM MORABAHA

From banking companies – Secured		
Balance as at July 01	200,000	–
Obtained during the period / year	150,000	200,000
	350,000	200,000
Repayments during the period	(6,250)	–
	343,750	200,000
Current portion shown under current liabilities	(54,438)	(12,500)
	289,312	187,500

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

- a. Claim lodged by M/s Saigol Brothers Limited (SBL), of Rs. 2.608 million (June 30, 2005: Rs. 2.608 million) on account of rent of storage tanks at Faisalabad used by Ittehad Chemicals Limited "the Company" from July 1, 1973 to March 10, 1982 of which only Rs. 0.044 million (June 2005: Rs. 0.044 million) has been acknowledged and provided for in these financial statements.

- b. Demand created for assessment year 1996-97 with respect to disallowance of expenses incurred on account of Golden Hand Shake (GHS) and of Voluntary Separation Scheme (VSS) amounting to Rs. 56.437 million for reason of non deduction of tax on payment of such expenses had been set aside by the Honorable Income Tax Appellate Tribunal (ITAT) with direction to re-compute the tax liability by using the specified methodology. The Inspecting Additional Commissioner (IAC), vide his order dated Dec 23, 2003 had restored the original assessment u/s 66-A of the Income Tax Ordinance 1979 without considering the directions of ITAT. Management had filed a revised petition before ITAT and Reference Application before the Learned Lahore High Court. The matter has now been remanded back to IAC by ITAT. In the event of adverse decision the Company would be faced with the charge against profit of Rs. 34.107 million. (June 2005: Rs. 34.107 million).

- c. Liability determined for assessment year 2002-03 amounted to Rs. 46.112 million. Company had filed an appeal to the Commissioner Appeals (CIT) against the decision of Deputy Commissioner Income Tax (DCIT). CIT appeals vide his order dated October 03, 2005 has given the decision in favour of the Company and accepted all the items as permissible which were not acknowledged by the DCIT. Subsequent to the balance sheet date department has filed an appeal against the order of CIT Appeals. In the event of adverse decision against the Company it would be faced with a charge of Rs. 5.974 million against profit. (June 2005: Rs. 10.205 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2006 (UN-AUDITED)**

- d. Letters of guarantee outstanding as at March 31, 2006 amounted to Rs. 95.947 million (June 2005: Rs. 84.843 million).

13.2 Commitments

Commitments as on March 31, 2006 were as follows:

- a. Commitments against outstanding letters of credit amounted to Rs. 36.737 million (June 2005: Rs. 236.894 million).
- b. Commitments against purchase of land amounted to Rs. 8.022 million (June 2005: Rs. 64.400 million). The amount shown under this head in the financial statements for the year ended June 30, 2005 has reduced for reasons stated in Note: 8.

	Nine months ended		Quarter ended	
	March. 31,	March. 31,	March. 31,	March. 31,
	2006	2005	2006	2005

(Rupees in thousand)

14. COST OF SALES

Cost of goods manufactured	1,266,429	1,152,813	439,023	404,598
Cost of raw materials traded	–	725	–	–
Cost of stores traded	129	4,302	–	197
Finished goods				
Opening stock	14,371	12,671	19,146	25,394
Purchases	2,747	1,100	-	-
Closing	(21,847)	(25,470)	(21,847)	(25,470)
	<u>(4,729)</u>	<u>(11,699)</u>	<u>(2,701)</u>	<u>(76)</u>
	<u>1,261,829</u>	<u>1,146,141</u>	<u>436,322</u>	<u>404,719</u>

15. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are given as under:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2006 (UN-AUDITED)**

		Nine months ended		Quarter ended	
		March. 31, 2006	March. 31, 2005	March. 31, 2006	March. 31, 2005
(Rupees in thousand)					
Relation with the company	Nature of transaction				
Associated companies	Sale of goods and services	16,314	70,786	2,877	18,740
	Late payment charges	3,506	–	1,059	–
	Marketing services charges	15,852	14,288	5,358	4,875
Retirement benefit plans	Contribution to staff retirement benefit plans	97	100	32	33
Directors and others	Loan paid back	20,000	–	9,000	–
Key management personnel	Remuneration and other benefits	9,824	5,052	3,874	2,154
16. BASIC AND DILUTED EARNING PER SHARE					
Profit before tax		<u>106,335</u>	<u>84,658</u>	<u>18,644</u>	<u>27,045</u>
Profit after tax		<u>73,788</u>	<u>46,951</u>	<u>26,259</u>	<u>18,176</u>
Number of Shares					
Average issued ordinary shares		30,000	30,000	30,000	30,000
Amount in Rupees					
Earnings per share before tax		3.54	2.82	0.62	0.90
Earnings per share after tax		<u>2.46</u>	<u>1.57</u>	<u>0.88</u>	<u>0.61</u>

- 16.1 To comply with the requirements of International Accounting Standard (IAS) No. 33, comparative figures of earnings per share have been restated in view of Bonus issue of 5,000,000 ordinary shares as declared by the Directors in February 2005.

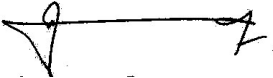
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2006 (UN-AUDITED)**

17. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 28, 2006 by the Board of Directors of the Company.

18. GENERAL

- i.) An amount of Rs. 39.830 million previously classified as "Mercury in cells" under "non-current assets" has been classified under "Stores, spares and loose tools" for proper disclosure.
- ii) Mercury in hand amounting to Rs. 2.255 million previously classified under "stock in trade" has now been classified under "Stores, spares and loose tools".
- iii) Amounts have been rounded off to the nearest rupees in thousand unless otherwise stated.


CHIEF EXECUTIVE


DIRECTOR