



Number One Food Brand in Pakistan

Annual Report 2010

National®

Our Story

National Foods Limited (NFL), founded in 1970, is Pakistan's leading multi-category Food Company today with over 250 different products in 12 categories. NFL holds ISO 9001, ISO 22000, and HACCP certifications along with SAP business technology to drive the company's strong commitment to quality and management excellence.

NFL is an international brand sold in over 35 countries and it aims to be a Rs. 50 billion company under its Vision 20/20 plan.

NFL is dedicated to improving the well-being of society through continuous development of innovative food products and through a wide-ranging corporate social responsibility program.



Founders' Philosophy

National Foods Limited must focus on customers' needs and serve them with quality products at affordable prices at their doorstep.

Our products must be pure, conforming to international standards.

Our research must produce continuously new, adventurous products that are scientifically tested and hygienically wrapped in safe and attractive packages.

We must create an environment in our offices and factories where talents are groomed and our people have every opportunity to advance in their careers.

We must prove ourselves good corporate citizens, support good causes and charity and bear our fair share of taxes.

Reserves must be built, new factories created, sound profit made and fair dividends paid to our stock holders.

Through building a reliable brand, National Foods Limited must get itself recognized as a leader in Pakistan and abroad.

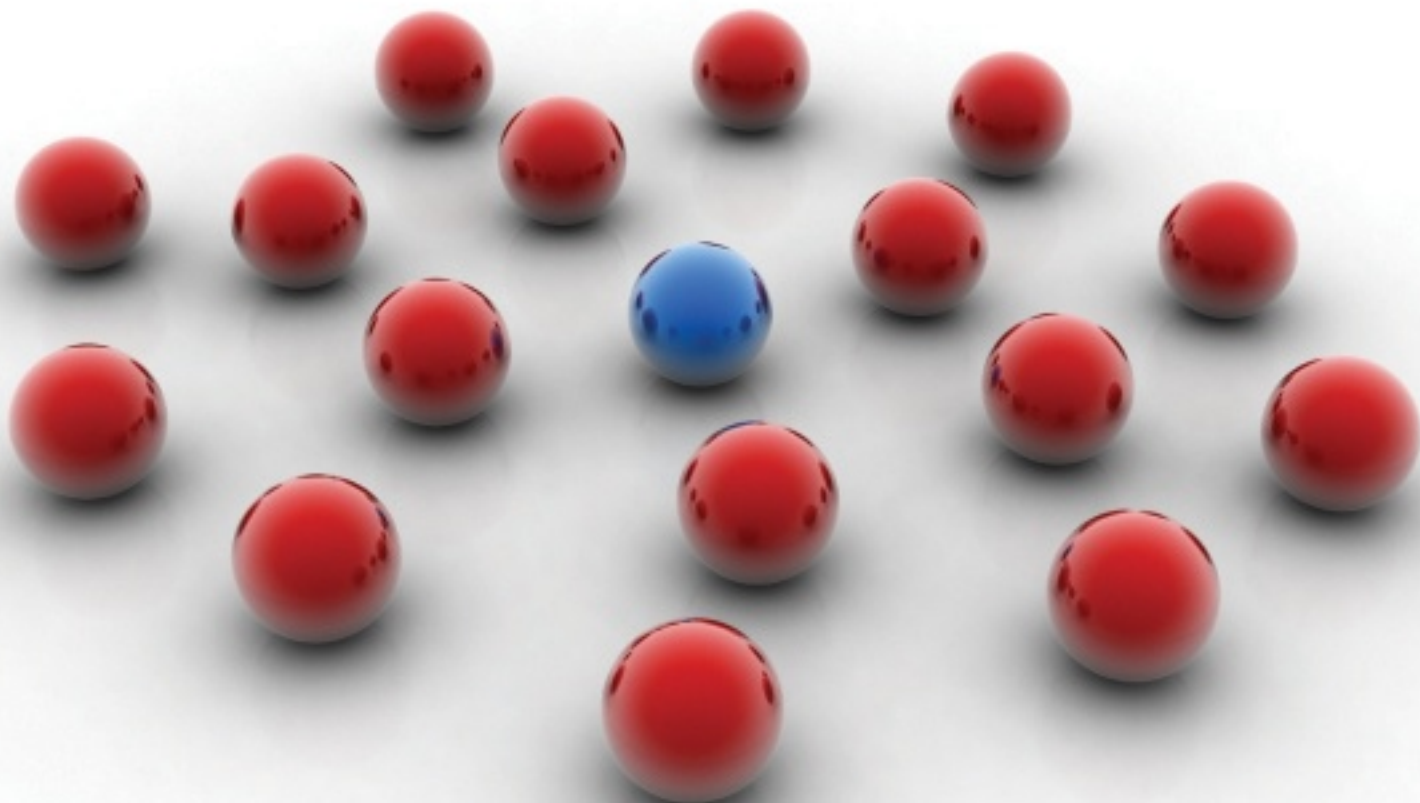
With the help of Almighty God, the Company can achieve its targets in time to come.

No. **1**

Food Company in Pakistan

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Vision

“Our vision is to be a Rs. 50 billion food company by the year 2020 in the convenience food segment by launching products and services in the domestic and international markets that enhance lifestyle and create value for our customers through management excellence at all levels.”

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Food Company in Pakistan



Core Values

Passion

We act with intense positive energy and are not afraid to take risks. We challenge ourselves continuously, we're good at what we do, and we take pride in who we are.

People-centric

We put our people first. We treat them with respect and actively contribute towards their development.

Customer Focus

We see the world through the eyes of our customers. We do everything possible that makes them happy.

Leadership

We are part of the solution, never the problem. We act like owners and have a positive influence on others.

Teamwork

Our roles are defined, not our responsibilities. We believe in going the extra mile to accomplish our goals. We coach and support each other to ensure everyone wins. We have a "WE versus I" mindset.

Ethics

We don't run our business at the cost of human or ethical values.

Excellence in execution

We say. We do. We deliver. We talk with our actions. We strive for nothing but the best. Execution is the key to winning!

Accountability

We see. We act. We take full responsibility for our actions and results. We don't blame others for our mistakes; we analyze them and correct them.

Company Information

BOARD OF DIRECTORS

Mr. Abdul Majeed	Chairman
Mr. Abrar Hasan	Managing Director/ Chief Executive
Mr. Waqar Hasan	Director
Mr. Khawaja Munir Mashooqullah	Director
Mr. Zahid Majeed	Director
Mr. Ebrahim Qassim	Director
Mr. Iqbal Alimohamed	Director

AUDIT COMMITTEE

Mr. Ebrahim Qassim	Chairman
Mr. Waqar Hasan	Member
Mr. Zahid Majeed	Member

COMPANY SECRETARY AND SECRETARY AUDIT COMMITTEE

Mr. Fayyaz Abdul Ghaffar

CHIEF FINANCIAL OFFICER

Mr. Muhammad Kashif Iqbal

INTERNAL AUDITORS

Messrs. Ernst & Young Ford Rhodes Sidat Hyder & Co. -----Chartered Accountants

COMPANY MANAGEMENT

Mr. Abrar Hasan	Managing Director / Chief Executive
Mr. Shakaib Arif	Chief Operating Officer
Mr. Kamran Khan	Chief Commercial Officer
Mr. Waqas Abrar Khan	General Manager Human Resource

No. **1**

AUDITORS

A. F. Ferguson & Co. ----- Chartered Accountants
State Life Building, 1-C,
I.I. Chundrigar Road, Karachi

SHARE REGISTRATION OFFICE

Noble Computer Services (Pvt.) Limited ----- Mezzanine Floor, House of Habib Building
Siddiqsons Tower), 3-Jinnah C.H. Society,
Main Shahrah-e-Faisal, Karachi-75350.
PABX: (92-21) 3432582-87
Fax: (92-21) 34325442

PRINCIPAL BANKERS

Bank Al-Habib Limited ----- I.I. Chundrigar Road Branch, Karachi
S.I.T.E. Branch, Karachi
New Garden Town Branch, Lahore

Royal Bank of Scotland (RBS) ----- 16, Abdullah Haroon Road, Karachi
(Formerly ABN AMRO Bank)

MCB Bank Limited ----- Shaheen Complex Branch, Karachi

United Bank Limited ----- I.I. Chundrigar Road, Karachi

Bank Al Falah Limited ----- Port Qasim Authority Branch, Karachi
(Islamic Banking Group)

Barclays Bank Plc, Pakistan ----- Dawood Centre, M.T. Khan Road, Karachi

Meezan Bank Limited ----- M.T. Khan Road, Karachi

Bank Islami Pakistan Limited ----- S.I.T.E. Branch, Karachi

Habib Bank Limited ----- S.I.T.E. Branch, Karachi

Habib Metropolitan Bank Limited ----- Main Branch, Karachi

REGISTERED OFFICE

12/CL-6 Claremont Road, Civil Lines,
Karachi 75530 P.O. Box No. 15509
Phone: (92-21) 35662687, 35670540, 35670585,
35670793 & 35672268 Fax: (92-21) 35684870

Notice of Meeting

Notice is hereby given that the 39th annual general meeting of National Foods Limited will be held at the registered office situated at 12/CL-6, Claremont Road, Civil Lines Karachi, on Friday, October 15, 2010 at 4:00 p.m., to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 38th annual general meeting held on October 31, 2009.
2. To receive, consider and approve the audited accounts for the year ended June 30, 2010.
3. To approve final dividend on the ordinary shares of the company. The directors have recommended dividend of 12% (or Rs 1.20 per share) on the ordinary shares held.
4. To appoint auditors for the year 2010-2011 and to fix their remuneration.

By Order of the Board of Directors

A. Majeed

A. Majeed
Chairman Karachi, September 23, 2010

Notes:

1. The share transfer books of the Company will remain closed from October 07, 2010 to October 15, 2010 (both days inclusive).
2. All members are entitled to attend and vote at the meeting. A member may appoint a proxy to attend, speak and vote for him/her. A proxy must be a member of the Company.
3. In order to be valid, an instrument proxy and the power of attorney or other authority under which it is signed, or a notarially certified copy of such power of authority, must be deposited at the registered office of the Company not less than 48 hours before the time of the meeting.
4. Any change of address of Members should be notified immediately to the Company's Share Registrar, Noble Computer Services (Pvt.) Ltd., Mezzanine Floor, House of Habib Building (Siddiqsons Tower), 3-Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi, Pakistan.
5. A member who has deposited his/her shares into Central Depository Company of Pakistan Limited,
 - a. in case of individuals, must bring his/her participant's ID number and account/sub-account number alongwith original Computerised National Identity Card or original Passport at the time of attending the meeting.
 - b. in case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
6. Members who have not yet submitted photocopy of their Computerised National Identity Cards to the Company are requested to send the same at the earliest.

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Victory in Brand Elections 2010

The annual Brand Elections are the truest gauge of which names rule the hearts of Pakistani consumers.

Brand Elections 2010 were conducted across an electorate of 10,000 voters in 50 cities of Pakistan, and National Foods Limited emerged as the firm favorite in 5 food categories; Recipes; Jams, Jellies, and Marmalades; Pickles; Spices and Ketchup.

Overall National Foods Limited won 1st place in Food/Household brands, and was 1st runner up in the general Elections, competing against a total of 3500 brands.

Furthermore, an evaluation of voter profiles lead to an even prouder achievement as National Foods Limited emerged as the favorite brand of female voters. With women being the heart of the Pakistani household, we are honored to be the brand women trust the most.



Jams, Jellies, and Marmalades

National Jams, Jellies, and Marmalades are a staple on breakfast tables across Pakistan, pleasing the eye and appetite with their bright color, good fruit flavor, and uniform, soft consistency that makes them easy to spread.

National Foods Limited products won the Jams, Jellies, and Marmalades category at the Brand Elections 2010, surpassing Shezan and Mitchell's, and proved to be the preferred choice of women seeking healthy breakfast and light meal options for their families.

Recipes

National Foods Limited pioneered the pre-blended Recipe masalas in the 70s, that let our customers recreate the subcontinent's most popular ethnic dishes with excellent results every time.

A tried and trusted helper of homemakers for over three decades, National Recipes came at the top of the recipes category in Brand Elections 2010.

Ketchup

Ketchup brands vie for supremacy in a very tough battlefield. Ketchup is also more severely judged than other kinds of food because while it is exceedingly popular among adults, by far the largest consumers of ketchup are children – and children are very hard to please.

We're proud to say that National Foods Limited has succeeded in meeting Pakistani children's high ketchup standards year after year.

Brand Election 2010 Winners in 5 food categories



Spices

Nobody does spices quite like National Foods Limited. Our history marks us as the first company to retail powdered spices during an era when consumers mistrusted any product that was not freshly ground right before their eyes.

More than 30 years later, we're still the number one choice of women all around the country. National Foods Limited spice products came out clear winners of the designated category during Brand Elections 2010, winning the title by a mile.

Delivering the perfect balance of tart and sweet, National Tomato Ketchup stood 1st at the Brand Elections 2010, leaving other competitors far behind by tremendous margins.

No. **1**

Food Company in Pakistan

CSR Annual Report

CSR Mission

Sustainability initiatives uphold the foundation for NFL's business endeavors. At NFL we realize that our CSR commitments must reflect all sides of our corporate personality – NFL as a manufacturer, as an employer, as a consumer itself of farm produce and other items and as an industry leader, pioneering new processes and systems. We reflect these commitments in our values, policies and our practices.

NFL engages especially in areas related to governance and strategic social investments, working to empower and uplift communities.



1) Initiatives towards Environment

- Energy Efficiency

It is one of the important sustainability factor of CSR. NFL strives to save costs by softening its environmental footprint and improving eco-efficiency. Under the heading of Energy efficiency, replacement of energy savers done at its all facilities.

- Biodegradable packaging

Biodegradable packaging is one of the leading factor to sustainable value creation. NFL is looking into as part of its sustainability strategy

2) Commitment to the Society

- Iodized Salt

To address the issue of Micro Nutrient malnutrition NFL launched iodized salt in 1990. NFL worked joint



campaign with UNICEF to promote the use of iodized salt across Pakistan. Iodized salt consumption rose from practically zero to over 50 percent in the space of 5 years, leading to a marked reduction in iodine-deficiency related health issues and it has today become a benchmark product.

- National Food Limited Nutritional Meals

Our commitment is to serving the nation in overcoming child malnutrition and providing relief and rehabilitation to flood victims. We focused on the prevention/elimination of malnutrition activity as one of its core CSR. To address the issue of children malnutrition we have prepared a Nutritional Meal to fulfill the specific nutritional needs of children in emergencies such as IDP camps and flood refugees.

Prepared with natural, local ingredients, low cost, easy to prepare (it can be handled in emergencies) & high nutritional values are the important characteristics of Nutritional Meal.

This high nutritional product has already been donated for IDPs camp in Noshahro, NFL has also donated 36,000 serving of nutritional meals for flood affected children of different parts of Khyber Pakhtoonkhwa, through National Rural Support Program (NRSP).

NFL will continue the supply of nutritional meal through NRSP on a long term basis for relief and rehabilitation to overcome malnutrition issues in flood relief camps throughout Pakistan. We aim is scale this up and make it

sustainable through our own Flood Relief Fund in order to provide over 500,000 servings to the innocent children who are victims of this flood.

In addition we are also working with Mercy Relief Singapore to provide Ready-to-Eat Meals to the starving masses in the camps. The first consignment of 19,000 meals has been dispatched and once again we intend to work with them to increase this effort.

- Drinking Water Plant at Muridke

National Foods Limited has undertaken a public drinking water project to cater to an essential need of the community around our production facility at Muridke (a small town about 50 miles from Lahore).

3. Commitment to Education

NFL Aagahee Adult Literacy Programme (ALP)

- NFL believes on "an educated workforce is a quality workforce".



Certificate is being awarded to NFL worker ALP
Certificate distribution ceremony

NFL focuses on workforce education and provide education opportunity to its workforce. The overall objective of the Adult Literacy Program is to attain 100 percent literacy among workers.

During the year 2009-2010 NFL attain 90% literacy amongst worker force.

- Female Empowerment through Aagahi ALP
NFL is committed towards improving literacy rate especially among women in Pakistan. Aagahi ALP is being run with the partnership of The Citizen Foundation Pakistan and the Literate Pakistan Foundation. NFL bears the cost of the books and stipends to the teachers and other miscellaneous expenses. Four thousand women have graduated during 2005-2010.

- Nationwide ALP Launched in 2009-2010

Current Aagahi ALP is being run in following districts with the partnership of TCF and LPF;

Bahawlapur, Rawalpindi, Muzaffer Gar, Texila, Lahore, Mardan, Faisalabad, Mansehra, Chiniot, Muzafferabad, Khushab, Karachi & Mianwali. In the future, NFL envisions expansion of more 150 ALP sessions/centers nationwide

- Aagahi ALP at Kunri (2010)

NFL with the partnership of Rotary Club, Karachi and Rotary Club, Kunri successfully run 12 female ALP centers for the families of chili farmers in 12 rural areas of Kunri. Through this program 300 women were empowered in basic Urdu and Math.



4. Red Chili Detoxification and modified drying through capacity building of farmers

NFL developed a Value Chain Empowerment business model for Red Chilli detoxification and modified drying. The objective of this business model is improvement in the quality of red chilli and in production and expansion of Aflatoxin free chilli in the country. As part of its sustainability strategy, linkages were identified and developed, between the company's growth and stakeholder engagement, with the objective of bringing

sustainable economic benefits to the wider community. Efforts to reduce aflatoxine through value chain empowerment were found successful.



Value Chain Empowerment-Commitment to partners

5. Commitment to Professional Development

We organize activities, such as Students Day, Quiz competition, certificates and prize distribution ceremony to encourage growth and personal and professional development of the ALP students and teachers.

6. Corporate Philanthropy

As a corporate philanthropy NFL has donated following during last two years

- Donation of about 24,000 packets of ready-to-eat meals to various charitable health clinics and NGOs for malnutrition mothers.
- Donation of about 37,000 packets of ready-to-eat meals to IDPs camps, various charitable health projects including Thar.
- Donation of about 5,000 packets of nutritional meal to national rural support program for IDPs.
- More than Rs 100,000 were spent on medicines for IDPs.

A hypertension checks of employee were organized with the collaboration of Novartis and Pakistan Hypertension League in SITE, PQ and Forum Offices. The objective of the event was to improve quality of life of workforce by raising cardiovascular related health issues.

7. Flood Relief Activities

We are working for flood relief victims with the partnership of National Rural Support Program. As a food company NFL is concentrating on nutritional meals/baby food /rations for the flood victims to address malnutrition. We have already sent donation of nutritional meals, flour and medicines to NRSP, will continue supplies on long term basis. Additionally, NFL has generated separate funding and matched by company.



NFL Human Resource Department

We are committed to setting a positive culture that will enable us to not only recruit and retain a high performing and diverse workforce, but also inspire people to create an outstanding workplace.

Our vision reflects our belief that we can help National Foods become an employer of choice by creating an outstanding workplace—the kind of organization where people can grow, make an impact and stay.

The most significant achievement this year was carving out a Strategy in Action stating our three year business objectives.

It was a moment of great pride and triumph when National Foods was declared 2nd amongst all local FMCGs and 8th overall.

A number of initiatives were taken with the aim of creating an environment where professional growth and development are valued and pursued. For this, we ran management development workshops for our key talent



A strong rope is made of many strands; a strong team made of many hands.



Coming together is a beginning. Keeping together is progress. Working together is success.

The Strategy in Action is a roadmap for achieving long term success and sustainable growth by 2013. It is a focused plan detailing our five key strategic objectives and how to execute them.

These objectives include growing current categories, entering into new ones, expanding international markets, creating value through developing capability and becoming the employer of choice across industries.

We carried out an organization-wide Engagement Survey to take the pulse of the organization. We also participated in the Best Place to Work Survey with Pakistan's top 25, mostly multinational, companies.

In the junior and middle management cadres to help them meet the demands of their profession with skills such as negotiation, communication, time management, etc. We designed National Foods' first ever competency model which will not only help in clarifying expectations, but also aid in making individual development plans.

We launched a Learning Portal for the benefit of those who have a thirst for knowledge. The Learning Portal is stocked with the latest books, presentations, videos, articles on management subjects such as leadership, motivation, coaching, and other self-help categories.

In the Best Place to Work Survey with Pakistan's top 25, mostly multinational companies, it was a moment of great pride when National Foods was declared 2nd amongst all local FMCGs and 8th overall.

At National Foods we are committed to setting a positive culture that will enable us to not only recruit and retain a high performing and diverse workforce, but also inspire people to create an outstanding workplace.

For that we talk about our values consistently at all levels and use the HAMSAB platform to build and sustain healthy, positive vibes across the organization.

We continue to evolve a service-oriented environment using the most modern technology and enterprise systems. We systemized our traveling expense and incentives through SAP this year.

After a painstaking selection process consisting of a recruitment test, group discussion, short interview and an hour-long panel interview, 6 industrial engineers from a batch of 60 students were selected as Trainee Engineers. The trainees will follow a cross-functional rotation plan for 24 months before they receive permanent functional placement.

A much-awaited NFL Premier League was organized for the cricket fans in NFL. The night cricket match proved to be a smashing success with an enthusiastic turnout, and spirits that soared with every winning run.



The work life balance – oh, it's tricky, but we manage just fine!



Sensitivity training, or learning how to handle inflated egos?

Now all our travel expenses and sales incentives will be processed through SAP resulting in systemized travel advance payments, timely disbursements, detailed data analysis and individual summaries.

We have always believed that sourcing young talent keeps the organization agile and vibrant. This year we recruited a team of fresh industrial engineers through NFL's first on-campus Assessment Center.

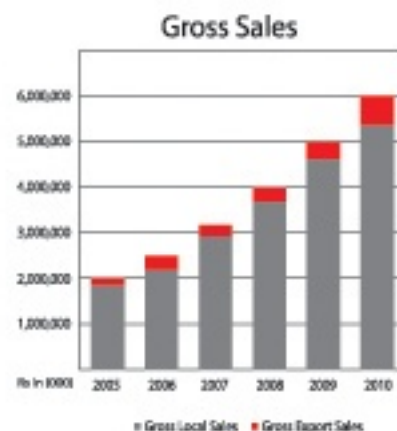
A Farmhouse Fiesta was also part of the deal this year when we took our management out for a day away from the city. The day was filled with fun, team-building games and proved to be a valuable way of making us stronger as a team.

Directors Report To The Shareholders

On behalf of the board of directors of National Foods Limited, I present before you the accounts and the performance report of the financial year ended June 2010.

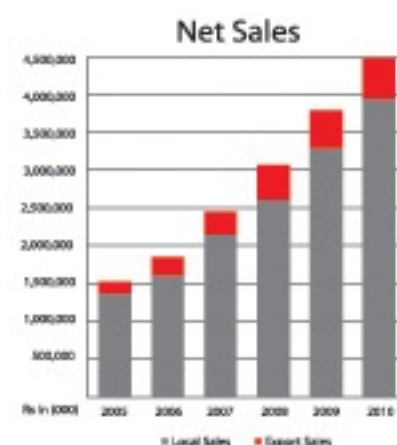
A brief financial analysis is presented as follows:

	2010	2009
	(Rupees in thousand)	
Net Sales	4,489,946	3,758,706
Gross profit	1,326,747	1,126,451
Profit from operations	258,545	307,543
Profit before tax	159,181	220,702
Profit after tax	86,559	139,461
Earning Per Share	2.09	3.37



The above result is better analyzed if we separate relevant data in respect of new ventures during the year from the above. The tables below present the core business data accordingly:

Core Business – Excluding New Ventures	2010	2009
	(Rupees in thousand)	
Net Sales	4,350,593	3,710,645
Gross profit	1,315,631	1,119,268
Profit from operations	318,131	302,755
Profit before tax	220,537	216,535
Profit after tax	147,915	135,294
Earning Per Share	3.57	3.26



Performance Overview

The outgoing year has been the toughest year in terms of inflationary pressures on agri commodities. Global recession and stagflation has created a spiraling effect of rising prices and stagnating consumer demand, which are posing a great challenge in controlling costs across various functions of management.

Gross Margins have been hit despite frequent price increases and cost cutting measure indicating the inflation is rising with the commodities prices moving "too far too fast". The variable costs are increasing at an unpredictable rate, which is creating serious pricing disparities in the market. The inflation itself has hit the purchase power of the consumer thus creating an environment of stagflation.

Operational Performance

Core Business

As can be seen from the tables above, the Core business have performed perfectly in line with budget with exports exceeding earnings target. However due to the inflationary environment, all the top line sales in domestic business have been generated by increasing prices to cover increasing costs thus impacting real volume growth.

New Ventures

Rice was launched in the domestic market a year ago. This category was launched in line with the Vision 2020 to target new categories, which were multi billion rupees in sales potential. The company however has been selling rice through its home brand and numerous sub brands in the international market for the past several years where it continues to perform well and grow in line with our expectations. The domestic sales have however been slow in the initial year as some investment had to be made in the brand to create awareness in the domestic market. Also significant realignment of the sales and distribution function had to be made so that the correct potential of rice sales could be tapped. As per our plan, the domestic rice sales will generate revenue and profit in the years to come and will then be inducted in the core business.

The last table shows the new product launch of instant powder drinks. This is another multi billion Rupee category with the total branded market exceeding Rs. 4.5 to Rs 5.0 billion. With this launch, National Foods has entered the beverage segment and will continue to invest and grow this category by adding new products to it. The Brand that has been created is "Fruitily" and its launch has been one of the most successful launches in the company's history. It is expected that this brand will have to be invested for few years before it breaks even and starts generating earnings for the core business. This is an important category as it has a high sales volume potential and is also an attractive segment for the international market.

CSR

National Foods is devoted to its CSR program and continues to nurture it by building sustainable enterprise across various stakeholders. These stakeholders have included farmers who grow key commodities for us as we have engaged them in the past to improve quality of Red Chillies for export. The program was a success as the experiments conducted with them have been successful in producing extremely low Aflatoxin count Chillies. These Chillies were subsequently exported and accepted in European Union market by meeting and exceeding their standards. The farmers in turn were paid a much higher produce price for their efforts thus creating a successful sustainable enterprise partnership.

National Foods is also committed to furthering literacy and education within the country. We have successfully run and supported the adult literacy program both within the company and externally in various segments thus imparting basic literate teachings. A complete report is presented on the achievements in the subsequent sections of the annual report.

In addition to this, National Foods is supporting IBA in its expansion efforts of building a world-class education center in Karachi. In this regard, the company has donated funds to help expand and rebuild major centers of education excellence in both the city and university campus.

Our People

Our greatest asset is our employees. I would like to acknowledge, with thanks, their important contributions to the success of this great enterprise. Their dedication and perseverance in the face of numerous challenges has steered the company towards success and growth. I am positive that together, we can reach ever greater heights.

Contribution To National Exchequer

During the year, the contribution to national exchequer has further increased and the company paid over Rs. 888.442 million (2009: Rs. 765.000 million) to the government and its various agencies on account of various government levies including custom duty, sales tax and income tax. Moreover, foreign exchange of Rs. 594 million was also generated through export of products, further reflecting our participation in the national economy.

Future Outlook

The outlook for 2010 remains dismal due to the continued inflation and low economic growth within the country. It is essential that the company divert more of its focus towards the international market. Under these conditions, it is important that the company goes into a consolidation phase to secure its profitable lines and prune and optimize costs at all levels.

The start of the new financial year has seen some very heavy monsoon rains which has resulted in serious floods across the country. In addition to a depressed economy it is not clear at the moment to the extent of damage to the infrastructure and major agricultural commodities as of now. The position will only be clearer towards the end of the first quarter.

The company remains committed towards growth and expansion, however under these uncertain economic conditions, it is important that consolidation and sustainable growth is kept in focus to keep the company performing well to achieve its objectives.

Appropriation Of Profits

Your directors have recommended for the approval by the shareholder a cash dividend for the year ended June 30, 2010 of Rs 1.20 per share (2009: 1 bonus share for every 4 shares held).

Compliance With Code Of Corporate Governance

The stock exchange have included in their listing rules the Code of Corporate Governance (Code) issued by Securities & Exchange Commission of Pakistan. The Company has adopted the Code and is implementing the same in letter and spirit.

Audit Committee

The Board has constituted an Audit Committee consisting of three members including Chairman of the Committee. During the year Mr. Ebrahim Qassim, a sitting member of Audit Committee, has been appointed as Chairman of Audit Committee replacing to Mr. Waqar Hasan who is, however, continuing to serve the Audit Committee in the capacity of a member. The Committee regularly meets as per requirements of the Code. The Committee assists the Board in reviewing Internal Audit Manual and Internal Audit System.

Pattern of Shareholding

The pattern of shareholding of the company is annexed.

Apart from following transactions, the Chief Executive, Directors, Chief Financial Officer, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year:

Name	Nature of transaction	No. of shares
Mr. Abdul Majeed	Gifted	863,250
Mr. Zahid Majeed	Gift Received	863,250

No. 1

All statutory returns in this connection were filled.

External Auditors

The present auditors Messrs. A. F. Ferguson & Co., Chartered Accountants are retiring and being eligible, offer themselves for re-appointment. The Board of Directors on the recommendation of the Audit Committee, proposes the appointment of Messrs. A. F. Ferguson & Co., Chartered Accountants as the auditor until the next Annual General Meeting.

Internal Auditors

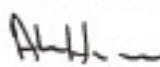
On the recommendation of the Audit Committee, the Board of Directors in its meeting held on September 25, 2009, has reappointed Messrs. Ford Rhodes Sidat Hyder & Co., Chartered Accountants as internal auditors of the Company,

Corporate and financial reporting framework

- The financial statements, present fairly the state of affairs of the Company, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no significant doubts upon the company's ability to continue as a going concern.
- The outstanding duties, statutory charges and taxes, if any, have been duly disclosed in the financial statements.
- A statement regarding key financial data for the last six years is annexed to this report.
- The value of investments of Provident Fund based on respective audited accounts was Rs. 93,145,025/-
- During the last business year five meetings of the Board of Directors were held. Attendance by each Director was as follows:

Name of Director	No. of meetings attended	Leaves granted
Mr. Abdul Majeed	4	1
Mr. Abrar Hasan	5	-
Mr. Waqar Hasan	5	-
Mr. Zahid Majeed	5	-
Mr. Ebrahim Qasim	5	-
Mr. Khwaja Munir Mashooqullah	2	3
Mr. Iqbal Alimohamed	4	1

On behalf of the Board of Directors


Abrar Hasan
Chief Executive

Karachi: September 17, 2010

VALUE ADDITION

For the year ended June 30, 2010

Value addition

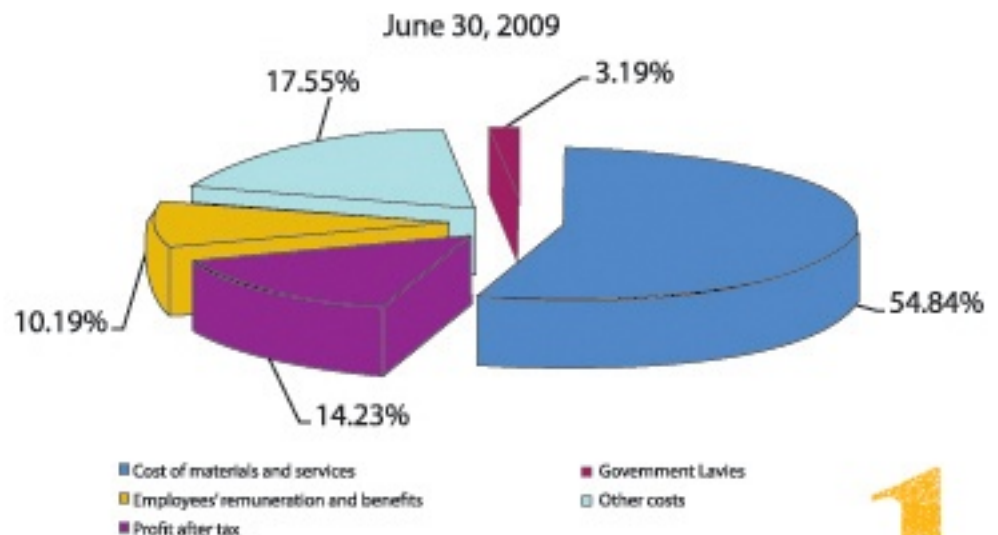
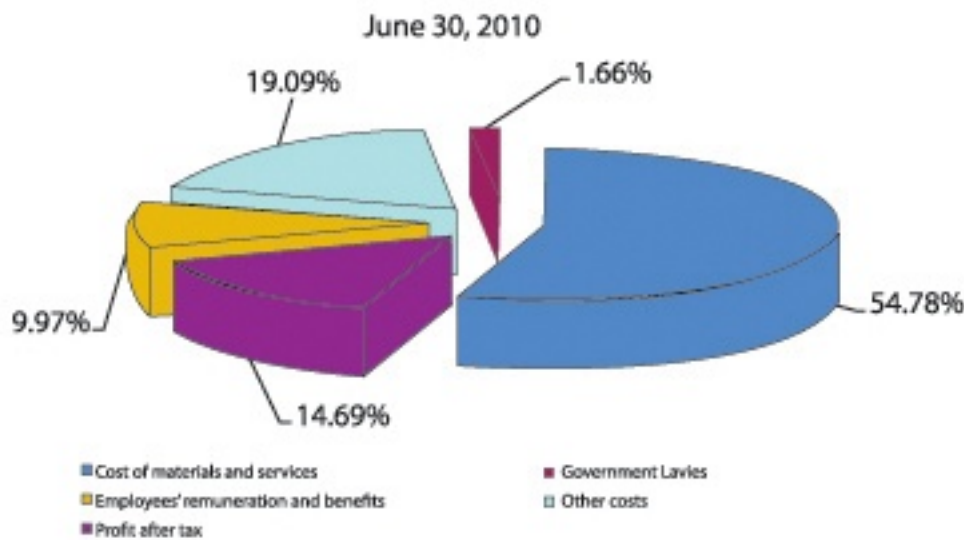
Net sales including sales tax
Other operating income

June 30, 2010		June 30, 2009	
Rupees in '000'	%	Rupees in '000'	%
5,206,126	99.56%	4,349,817	99.61%
23,214	0.44%	17,006	0.39%
5,229,340	100.00%	4,366,823	100.00%

Value distribution

Cost of materials and services
Government Levies
Employees' remuneration and benefits
Other costs
Profit after tax

June 30, 2010		June 30, 2009	
Rupees in '000'	%	Rupees in '000'	%
2,894,797	55.36%	2,394,767	54.84%
737,861	14.11%	621,439	14.23%
512,013	9.79%	444,942	10.19%
998,110	19.09%	766,214	17.55%
86,559	1.66%	139,461	3.19%
5,229,340	100.00%	4,366,823	100.00%



No. 1

Food Company in Pakistan

OPERATING AND FINANCIAL HIGHLIGHTS

Profit & Statement	2005	2006	2007	2008	2009	2010
Sales	1,533,879	1,847,700	2,391,058	3,061,746	3,758,706	4,489,946
Cost of Sales	1,136,727	1,276,437	1,572,574	2,075,969	2,632,255	3,163,199
Gross Profit	397,152	571,263	818,484	985,777	1,126,451	1,326,747
Administration	51,842	73,112	91,297	129,868	149,802	164,303
Distribution cost	288,289	364,758	513,902	570,218	665,664	909,818
Other operating cost	3,242	8,753	19,094	17,815	20,448	17,295
Administration, Selling & Other Operating Exp.	343,373	446,623	624,293	717,901	835,914	1,091,416
Financial Charges	16,006	24,850	32,675	56,238	86,841	99,364
Claim recovery against raw material supply	-	-	24,096	-	-	-
Other Income	4,498	6,681	6,110	22,309	17,006	23,214
Profit before Tax	42,271	106,471	191,722	233,947	220,702	159,181
Taxation	11,618	36,107	62,430	77,401	81,241	72,622
Profit after taxation	30,653	70,364	129,292	156,546	139,461	86,559
Balance Sheet						
Share Capital	42,505	42,505	42,505	55,257	331,542	414,427
Reserves	140,596	204,584	325,375	460,668	323,844	327,518
Shareholders' Equity	183,101	247,089	367,880	515,925	655,386	741,945
Long Term Obligations	90,139	206,161	193,763	197,020	140,479	105,588
Current Liabilities & Provisions	435,491	514,710	626,815	1,033,710	1,039,476	1,826,827
TOTAL	708,731	967,960	1,188,458	1,746,655	1,835,341	2,674,360
Fixed Assets & CWIP	230,865	369,938	496,223	637,519	649,672	820,459
Other Non current assets	2,139	2,504	2,766	4,444	5,163	4,509
Current Assets	475,727	595,518	689,469	1,104,692	1,180,506	1,849,392
TOTAL	708,731	967,960	1,188,458	1,746,655	1,835,341	2,674,360

KEY FINANCIAL RATIOS

	2005	2006	2007	2008	2009	2010
Performance Measures						
Efficiency ratio, Operating leverage	97.22%	94.18%	92.91%	92.27%	94.02%	96.39%
Return on assets (ROA)	8.22%	13.57%	16.85%	16.61%	16.76%	9.67%
Return on net assets (RONA)	11.22%	15.52%	23.02%	21.96%	17.52%	10.21%
Return on capital employed (ROCE)	21.33%	28.97%	35.66%	40.70%	38.64%	30.51%
Return on equity (ROE)	17.39%	32.71%	42.05%	35.43%	23.81%	12.39%
Profitability Measures						
Gross margin percentage	25.89%	30.92%	34.23%	32.20%	29.97%	29.55%
Net margin	2.00%	3.81%	5.41%	5.11%	3.71%	1.93%
Operating margin, Profit margin,						
Return on sales	3.80%	7.11%	8.38%	9.48%	8.18%	5.76%
Earnings per share	0.74	1.70	3.12	3.78	3.37	2.09
Investment utilization						
Collection period (period average)	15.47	17.56	16.37	22.15	25.91	21.45
Creditors payment days	19.85	25.64	31.18	30.80	22.86	20.49
Inventory Turnover days	101.24	103.50	97.98	108.33	111.09	135.54
Inventory Turnover Ratio	3.61	3.53	3.73	3.37	3.29	2.69
Asset turnover(Times)	2.41	2.20	2.22	2.09	2.10	1.99
Financial Condition						
Current ratio	1.09	1.16	1.10	1.07	1.14	1.01
Quick ratio	0.19	0.43	0.33	0.33	0.31	0.18
Debt to equity ratio	49.23%	83.44%	52.67%	38.19%	21.43%	14.23%
Interest coverage ratio	3.64	5.28	6.13	5.16	3.54	2.60
Book value per share	4.42	5.96	8.88	12.45	15.81	17.90

No. 1

PATTERN OF SHAREHOLDINGS COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS

AS AT JUNE 30, 2010

CATEGORY NO.	CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARES HELD	CATEGORY WISE NO. OF SHARE HOLDERS	CATEGORY WISE SHARES HELD	PERCENTAGE %
1	INDIVIDUALS		1,755	11,673,404	28.17
2	INVESTMENT COMPANIES		1	1,250	0.00
3	JOINT STOCK COMPANIES		27	29,551	0.07
4	DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN		12	15,949,506	38.49
	MR. ABDUL MAJEED	1,573,290			
	MR. WAQAR HASAN	4,875			
	MRS. JAMELA WAQAR	4,875			
	MR. ABRAR HASAN	4,067,305			
	MR. ZAHO MAJEED	2,436,540			
	MR. EBRAHIM QASSIM	705,427			
	MR. IQBAL ALMOHAMMED	6,325,225			
	MRS. ME MAJEED W/O MR. ABDUL MAJEED	163,672			
	MRS. KULSUM BANO W/O MR. EBRAHIM QASSIM	298,807			
	KHAWAJA MUNIR MASHOQULLAH	69,650			
	MRS. ZEELAF MINIR W/O KHAWAJA MUNIR MASHOQULLAH	275,842			
	MRS. NOREEN HASAN W/O MR. ABRAR HASAN	4,000			
5	EXECUTIVES		1	97	0.00
6	NT / ICP		-	-	-
7	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES ASSOCIATED TEXTILE CONSULTANTS (PVT) LIMITED	13,743,090	1	13,743,090	33.16
8	PUBLIC SECTOR COMPANIES AND CORPORATIONS		-	-	-
9	BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS		1	2,500	0.01
10	FOREIGN INVESTORS		-	-	-
11	CO-OPERATIVE SOCIETIES		-	-	-
12	CHARITABLE TRUSTS		2	31,643	0.08
13	OTHERS		2	11,700	0.03
	TOTALS		1,862	41,442,743	100.00

SHARE-HOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

TOTAL PAID-UP CAPITAL OF THE COMPANY 41,442,743 SHARES
10% OF THE PAID-UP CAPITAL OF THE COMPANY 4,144,274 SHARES

NAME(S) OF SHARE-HOLDERS	DESCRIPTION	NO. OF SHARES HELD	PERCENTAGE %
MR. KHAWAJA M. BUTT	FALLS IN CATEGORY # 1	4,954,327	11.95
MR. IQBAL ALI MOHAMMAD	FALLS IN CATEGORY # 4	6,325,225	15.26
ASSOCIATED TEXTILE CONSULTANTS (PVT) LIMITED	FALLS IN CATEGORY # 7	13,743,090	33.16
TOTAL		25,022,642	60.38

PATTERN OF SHAREHOLDINGS CDC & PHYSICAL SHARE HOLDINGS AS ON JUNE 30, 2010

Number Of Share Holders	Share Holding		Total Shares Held
	From	To	
629	1	100	23,980
521	101	500	121,887
237	501	1,000	184,872
291	1,001	5,000	692,981
49	5,001	10,000	366,540
18	10,001	15,000	225,728
10	15,001	20,000	184,094
15	20,001	25,000	313,637
2	25,001	30,000	52,795
2	30,001	35,000	64,367
1	35,001	40,000	40,000
2	40,001	45,000	85,079
1	55,001	60,000	55,841
1	65,001	70,000	69,650
1	95,001	100,000	97,500
2	125,001	130,000	255,299
1	160,001	165,000	163,672
1	170,001	175,000	174,180
3	265,001	270,000	808,020
1	275,001	280,000	275,842
1	295,001	300,000	298,807
1	330,001	335,000	330,696
1	360,001	365,000	360,885
1	465,001	470,000	467,755
1	485,001	490,000	487,500
3	705,001	710,000	21,213,59
1	1,570,001	1,575,000	15,732,90
1	2,435,001	2,440,000	24,365,40
1	4,085,001	4,090,000	40,873,05
1	4,950,001	4,955,000	49,543,27
1	6,325,001	6,330,000	63,252,25
1	13,740,001	13,745,000	13,743,090
1,802			41,442,743

No. 1

Food Company in Pakistan

Statement of Compliance with the Code of Corporate Governance

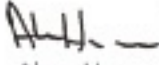
For the Year Ended June 30, 2010

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes four (04) independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a 'Code of Business Ethics', which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The Board had previously arranged an orientation course of the Code of Corporate Governance for its directors to apprise them of their role and responsibilities. Further, the Booklet on Code of Corporate Governance as published by the Securities and Exchange Commission of Pakistan have been circulated amongst the directors on the Board.
10. There was no new appointment of CFO or Company Secretary during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises three (03) members, of whom two (02) are non-executive directors.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has outsourced the internal audit function to M/s Ernst & Young Ford Rhodes Sidat Hyder & Co. Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedure of the Company and they are involved in the internal audit function on a full time basis.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The related party transactions have been placed before the audit committee and approved by the Board of Directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.
21. We confirm that all other material principles contained in the Code have been complied with.

Karachi

Dated: September 17, 2010


Abrar Hasan

Chief Executive

Review Report To The Members

On Statement Of Compliance With Best Practices Of Code Of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of National Foods Limited to comply with the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal controls covers all controls and the effectiveness of such internal controls.

Further, Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges require the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2010.

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: September 17, 2010
Name of the engagement partner: Syed Fahim ul Hasan

Auditors' Report To The Members

We have audited the annexed balance sheet of National Foods Limited as at June 30, 2010 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) In our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 2.1.3 to these financial statements, with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2010 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: September 17, 2010
Name of the engagement partner: Syed Fahim ul Hasan

Financial Statements
2010



BALANCE SHEET

AS AT JUNE 30, 2010

	Note	2010 (Rupees in thousand)	2009
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	794,771	614,004
Intangibles	4	25,688	35,668
Long term deposits		4,509	5,163
		<u>824,968</u>	<u>654,835</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		5,360	5,432
Stock in trade	5	1,502,232	846,977
Trade debts	6	253,050	274,556
Advances	7	43,867	29,044
Trade deposits and prepayments	8	10,118	6,660
Other receivables	9	20,664	2,632
Cash and bank balances	10	14,101	15,205
		<u>1,849,392</u>	<u>1,180,506</u>
		<u>2,674,360</u>	<u>1,835,341</u>
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital	11	414,427	331,542
Unappropriated profit		327,518	323,844
		<u>741,945</u>	<u>655,386</u>
NON-CURRENT LIABILITIES			
Long term financing	12	20,000	60,000
Liabilities against assets subject to finance lease	13	2,260	13,700
Deferred tax	14	72,621	59,999
Retirement benefits obligations	15	10,707	6,780
		<u>105,588</u>	<u>140,479</u>
CURRENT LIABILITIES			
Trade and other payables	16	530,063	460,626
Accrued interest / mark up	17	28,319	17,764
Short term borrowings	18	1,189,769	485,536
Current maturity of:			
Long term financing	12	40,000	40,000
Liabilities against assets subject to finance lease	13	10,238	12,510
Taxation - Provision less payment		12,407	8,397
Due to the government	19	16,031	14,643
		<u>1,826,827</u>	<u>1,039,476</u>
COMMITMENTS	20	<u>2,674,360</u>	<u>1,835,341</u>

The annexed notes 1 to 38 form an integral part of these financial statements.


Chief Executive


Director

PROFIT AND LOSS

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010 (Rupees in thousand)	2009
Sales	21	4,489,946	3,758,706
Cost of sales	22	(3,163,199)	(2,632,255)
Gross profit		<u>1,326,747</u>	<u>1,126,451</u>
Distribution costs	23	(909,818)	(665,664)
Administrative expenses	24	(164,303)	(149,802)
Other operating expenses	25	(17,295)	(20,448)
Other operating income	26	<u>23,214</u>	<u>17,006</u>
Operating profit		258,545	307,543
Finance costs	27	(99,364)	(86,841)
Profit before taxation		<u>159,181</u>	<u>220,702</u>
Taxation	28	(72,622)	(81,241)
Profit after taxation		<u>86,559</u>	<u>139,461</u>
Other comprehensive income		-	-
Total comprehensive income		<u><u>86,559</u></u>	<u><u>139,461</u></u>
Earnings per share	29	<u>Rs 2.09</u>	<u>Rs 3.37</u>

The annexed notes 1 to 38 form an integral part of these financial statements.


Chief Executive


Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2010

Note	2010 (Rupees in thousand)	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
30	(247,050)	370,714
	(88,809)	(86,263)
	(55,990)	(81,585)
	654	(719)
	<u>(391,195)</u>	<u>202,147</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
	(265,840)	(76,454)
	14,171	3,368
	(7,612)	(20,949)
	<u>(259,281)</u>	<u>(94,035)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
	(40,000)	(43,000)
	(14,846)	(12,393)
	(15)	(205)
	<u>(54,861)</u>	<u>(55,598)</u>
	<u>(705,337)</u>	<u>52,514</u>
	(470,331)	(522,845)
31	<u>(1,175,668)</u>	<u>(470,331)</u>

The annexed notes 1 to 38 form an integral part of these financial statements.


Chief Executive


Director

No. 

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2010

	Issued, subscribed and paid-up capital	Capital reserve - Share premium	Unappropriated profit	Total
	(Rupees in thousand)			
Balance as at June 30, 2008	55,257	6,102	454,566	515,925
Issue of 5 bonus shares for every 1 share held	276,285	(6,102)	(270,183)	-
Profit for the year ended June 30, 2009	-	-	139,461	139,461
Balance as at June 30, 2009	331,542	-	323,844	655,386
Issue of 1 bonus share for every 4 shares held	82,885	-	(82,885)	-
Profit for the year ended June 30, 2010	-	-	86,559	86,559
Balance as at June 30, 2010	414,427	-	327,518	741,945

The annexed notes 1 to 38 form an integral part of these financial statements.


Chief Executive


Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

1. THE COMPANY AND ITS OPERATIONS

The company was incorporated in Pakistan on February 19, 1970 as a private limited company under the Companies Act, 1913 and subsequently converted into a public limited company under the Companies Ordinance, 1984 by special resolution passed in the extra ordinary general meeting held on March 30, 1988. The company is principally engaged in the manufacture and sale of spices, pickles, ketchup, jams, jellies, sauces, cooking pastes, rice, salt, juices, and ready-to-eat meals. It is listed on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the company is situated at 12 / CL - 6, Claremont Road, Civil Lines, Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.1.2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in respective notes to the financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There have been no critical judgements made by the company's management in applying the accounting policies that would have the most significant effect on the amounts recognised in the financial statements.

2.1.3 Changes in accounting policies and disclosures

- (a) New standards, amendments to published standards and new interpretations effective in current year and adopted the company
 - i. IAS 1 (revised) 'Presentation of financial statements', requires presentation of transactions with owners in Statement of Changes in Equity and with non-owners in the Statement of Comprehensive Income. The revised standard requires an entity to opt for presenting such transactions either in a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income. The company has applied IAS 1 (revised) from July 1, 2009 and elected to present one performance statement (i.e. the profit and loss account). However, since there are no non-owner changes in equity, there is no impact of such revised standard on these financial statements.
 - ii. IAS 23 (Amendment) 'Borrowing Costs' requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset.

No. 1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

- iii. IFRS 8 'Operating segments' replaces IAS 14, 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segment. There is no material impact on the company's financial statements of this standard.
- (b) Standards, amendments and interpretations to existing standards effective in current year but not relevant to the company
 - i. IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interest in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009.
 - ii. IFRIC 17, 'Distributions of non-cash assets to owners' effective for annual periods beginning on or after July 1, 2009.
 - iii. IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after July 1, 2009.
- (c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

Standards, amendments to existing approved accounting standards and new interpretations have been published that are mandatory for future years. However, these are not expected to affect materially the financial statements of the company for the accounting periods beginning on the dates prescribed therein.

2.2 Overall valuation policy

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less residual value if not insignificant, impairment and accumulated depreciation except capital work in progress which is stated at cost.

Depreciation on property, plant and equipment is charged to income applying the straight-line method over the estimated useful lives of related assets. Depreciation on additions is charged from the month in which the assets are put to use and on disposals up to the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and assets so replaced, if any, are retired.

Profit and loss on sale or retirement of property, plant and equipment is included in income currently.

2.4 Intangibles - computer software

These are stated at cost less accumulated amortisation and impairment, if any. Generally, cost associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, cost that are directly associated with identifiable software and have probable economic benefit exceeding one year, are recognised as intangible assets. Direct costs include the purchase cost of software and related overhead cost.

Amortisation charge is based on the straight-line method whereby the cost of an intangible is written off over its estimated useful life of three years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

2.5 Taxation

i) Current

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and taxes paid under the final tax regime.

ii) Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is charged or credited in the profit and loss account.

2.6 Employee retirement benefits

Defined benefit plans

The company operates an unfunded pension scheme and post retirement medical benefit for chief executive and executive directors. The charge is based on actuarial valuation using Projected Unit Credit method. Cumulative net unrecognised actuarial gains and losses at the beginning of the year which exceed 10% of the present value of the obligations are amortised over the average remaining working life of the employees. The latest actuarial valuation of the defined benefit plans was conducted at June 30, 2010.

Defined contribution plan

The company operates an approved contributory provident fund for all employees. Equal monthly contributions are made, both by the company and the employees, to the fund at the rate of 10% per annum of the basic salary.

2.7 Stores, spare parts and loose tools

These are valued at weighted average cost less provision for slow moving and obsolete stores, spare parts and loose tools, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.8 Stock in trade

All stocks are stated at the lower of cost and estimated net realisable value. Cost is determined by weighted average method except for those in transit where it represents invoice value and other charges incurred thereon. Cost of work in process and finished goods includes direct cost of materials, direct cost of labour and production overheads. Net realisable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

2.9 Trade and other debts

Trade and other debts are recognised at fair value of consideration receivable. Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

2.10 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash, balances with banks on current, savings and deposit accounts and short term borrowings.

2.11 Impairment losses

The carrying amount of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If such indications exist, the assets' recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in the profit and loss account.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.12 Finance leases

Leases that transfer substantially all the risks and rewards incidental to ownership of assets are classified as finance leases. Finance leases are capitalised at the inception of the lease term at the lower of fair value of the leased assets and the present value of minimum lease payments. The outstanding obligation under the lease less finance charges allocated to future periods is shown as a liability. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

2.13 Ijarah

In ijarah transactions significant portion of the risks and rewards of ownership are retained by the lessor. Islamic Financial Accounting Standard 2 – 'Ijarah' requires the recognition of 'ujrah payments' (lease rentals) against ijarah financing as an expense in the profit and loss account on a straight-line basis over the ijarah term.

2.14 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.15 Borrowing costs

Borrowings are recognised initially at fair value, net off transaction costs incurred and are subsequently measured at amortised cost using effective interest method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of the qualifying asset, if any, are capitalised as part of the cost of that asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

2.16 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

2.17 Financial instruments

Financial instruments include deposits, trade and other debts, cash and bank balances, long term finance, liabilities against assets subject to finance lease, trade and other payables, accrued interest / mark up and short term borrowings. The particular recognition methods adopted are disclosed in the respective policy notes.

2.18 Foreign currency transactions and translation

These financial statements are presented in Pak Rupee which is also the functional currency of the company.

Foreign currency transactions are translated into Pak Rupee using the exchange rates approximating those prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rates of exchange approximating those prevailing at the balance sheet date. Exchange gains / losses on translation are included in income currently.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and specific criteria has been met for each of the company's activities as described below:

- i) Sale of goods
 - Sales are recognised on despatch of goods to customers.
- ii) Interest / Mark up income
 - Income on bank deposits is recognised on accrual basis.

2.20 Research and development

Research and development expenditure is charged to profit and loss account in the period in which it is incurred.

2.21 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognised amounts and the company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.22 Dividends

Dividend distribution to the company's shareholders is recognised as liability at the time of their approval.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
	(Rupees in thousand)	
3. PROPERTY, PLANT AND EQUIPMENT		
Operating assest - note 3.1	731,167	565,799
Capital work in progress - at cost - note 3.2	63,604	48,205
	794,771	614,004

3.1 Operating assets

	Leasehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Office and other equipments	Computers owned	Laboratory equipments subject to finance lease	Vehicles owned	Vehicles subject to finance lease	Total	
	(Rupees in thousand)										
Net carrying value basis											
Year ended June 30, 2010											
Opening net book value (NBV)	15,288	236,586	244,988	13,278	7,484	5,025	6,264	3,907	9,952	23,027	565,799
Additions (at cost)	154,418	43,127	36,208	383	1,655	6,785	989	2,497	5,368	145	251,575
Disposals (at NBV)	-	-	(7,549)	-	-	-	-	-	(584)	(1,771)	(9,904)
Depreciation charge	(646)	(12,020)	(35,826)	(4,221)	(2,031)	(3,788)	(3,599)	(704)	(5,580)	(7,888)	(76,303)
Closing net book value	169,060	267,693	237,821	9,440	7,108	8,022	3,654	5,700	9,156	13,513	731,167
Gross carrying value basis											
At June 30, 2010											
Cost	171,632	337,369	398,355	23,622	28,646	25,008	12,815	9,532	39,990	37,185	1,084,154
Accumulated depreciation	(2,572)	(69,676)	(160,534)	(14,182)	(21,538)	(16,986)	(9,161)	(3,832)	(30,834)	(23,672)	(352,987)
Net book value	169,060	267,693	237,821	9,440	7,108	8,022	3,654	5,700	9,156	13,513	731,167
Net carrying value basis											
Year ended June 30, 2009											
Opening net book value (NBV)	15,686	240,974	219,876	14,334	8,276	6,370	9,780	4,051	12,902	32,265	564,514
Additions (at cost)	-	6,940	58,122	3,047	1,061	3,008	-	393	4,535	-	77,106
Disposals (at NBV)	-	-	-	-	-	(36)	-	-	(1,054)	(667)	(1,757)
Depreciation charge	(398)	(11,328)	(33,010)	(4,103)	(1,853)	(4,317)	(3,516)	(537)	(6,431)	(8,571)	(74,064)
Closing net book value	15,288	236,586	244,988	13,278	7,484	5,025	6,264	3,907	9,952	23,027	565,799
Gross carrying value basis											
At June 30, 2009											
Cost	17,214	294,242	387,452	23,239	27,023	29,298	11,002	7,035	34,963	44,154	875,622
Accumulated depreciation	(1,926)	(57,656)	(142,464)	(9,961)	(19,539)	(24,273)	(4,738)	(3,128)	(25,011)	(21,127)	(309,823)
Net book value	15,288	236,586	244,988	13,278	7,484	5,025	6,264	3,907	9,952	23,027	565,799
Useful life (Years)	38 - 99	10 - 52	5 - 10	5	6 - 7	3	5	10	5	5	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

2010
(Rupees in thousand)

3.2 Capital work in progress

These comprise of:

Civil work in progress	14,982	5,341
Plant and machinery	34,593	8,737
Advance against acquisition of land - note 3.2.1	12,012	27,417
Advances to suppliers	-	4,296
Vehicles pending delivery	816	897
Computer software under development	1,146	1,517
Office equipment	55	-
	<u>63,604</u>	<u>48,205</u>

3.2.1 This includes an amount of Rs 10.05 million paid for the acquisition of land at Sundar Industrial Estate, Lahore.

3.3 The details of property, plant and equipment sold during the year are as follows:

	Cost	Accumulated depreciation	Net Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	(Rupees in thousand)					
Motor vehicles						
Toyota Camry	2,750	1,696	1,054	2,700	Negotiation	Mr. Bhagwan Das Dhirani F-65 Block-F, North Nazimabad Karachi
Suzuki Liana	794	648	146	387	Company policy	Mr. Naueen Mukhtar Executive
Daihatsu Cuore	497	311	186	324	*	Mr. Rashid Shamshad Lodhi Employee
Honda City	886	650	236	290	*	Mr. Junaid Ahmed Khan Ex-Executive
Suzuki Alto	504	420	84	160	*	Mr. Syed Muzammil Mustafa Executive
Suzuki Mehran	395	330	65	125	*	Mr. Nizar Lakhani Executive
Honda CD 100	70	15	55	61	Insurance Claim	EFU General Insurance Ltd.
Honda CD 70	63	8	55	58	*	EFU General Insurance Ltd.
Honda CD 70	63	8	55	51	*	EFU General Insurance Ltd.
Plant and Machinery						
Vertical Form Fill Seal Machine	8,014	1,135	6,879	7,839	Returned	Pakona Engineerings (Pvt.) Ltd. 22-D, Wadia Charities Building 1st floor, S.A. Brelvi Road Mumbai India
Cold Storage Plant	7,034	6,365	669	860	Negotiation	Noor enterprises F/276,S.I.T.E. Karachi
Assets having net book value less than Rs. 50,000	<u>25,784</u> <u>46,854</u>	<u>25,364</u> <u>36,950</u>	<u>420</u> <u>9,904</u>	<u>1,316</u> <u>14,171</u>		

No. 1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

2010
(Rupees in thousand)

4. INTANGIBLES - computer software

Net carrying value basis		
Opening net book value	35,668	2,194
Additions (at cost)	7,612	42,903
Amortisation for the year	(17,592)	(9,429)
Closing net book value	<u>25,688</u>	<u>35,668</u>
Gross carrying value basis		
Cost - Computer software and ERP System	59,397	54,406
Accumulated amortisation	(33,709)	(18,738)
Net book value	<u>25,688</u>	<u>35,668</u>

2010
(Rupees in thousand)

5. STOCK IN TRADE

Raw materials (including in transit Rs 2.80 million; 2009: Rs 22.79 million)	707,550	360,230
Provision for obsolescence	(2,956)	(3,580)
	<u>704,594</u>	<u>356,650</u>
Packing materials	148,319	117,091
Provision for obsolescence	(18,928)	(34,159)
	<u>129,391</u>	<u>82,932</u>
Work in process	359,387	238,579
Provision for obsolescence	(6,631)	(2,735)
	<u>352,756</u>	<u>235,844</u>
Finished goods	324,930	179,763
Provision for obsolescence	(9,439)	(8,212)
	<u>315,491</u>	<u>171,551</u>
	<u>1,502,232</u>	<u>846,977</u>

5.1 Stock in trade includes Rs 108.21 million (2009: Rs 140.31 million) held with third parties.

5.2 The above balances include items costing Rs 12.67 million (2009: Nil) valued at net realisable value of Rs 10.90 million (2009: Nil)

5.3 The company has recognised a provision of Rs 6.08 million for obsolescence (2009: Rs 30.46 million) and has written off stocks amounting to Rs 16.81 million (2009: Nil) against the provision during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
	(Rupees in thousand)	
6. TRADE DEBTS		
Considered good		
Related parties - note 6.1	14,918	21,016
Others		
- local	81,683	70,814
- foreign	156,449	182,726
	<u>253,050</u>	<u>274,556</u>
Considered doubtful	3,906	3,906
	<u>256,956</u>	<u>278,462</u>
Less: Provision for doubtful trade debts	(3,906)	(3,906)
	<u>253,050</u>	<u>274,556</u>

As of June 30, 2010, trade debts of Rs 133.47 million (2009: Rs. 129.50 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The age analysis of these trade debts is as follows:

	2010	2009
	(Rupees in thousand)	
Up to 3 months	83,353	62,100
3 to 6 months	20,551	34,546
More than 6 months	29,565	32,854
	<u>133,469</u>	<u>129,500</u>
6.1 Due from related parties		
Premier Distributor	13,046	14,444
Premier Agency	1,872	6,572
	<u>14,918</u>	<u>21,016</u>
7. ADVANCES		
Considered good		
Employees		
- against expense	5	143
- against salary	147	581
Suppliers	43,621	28,226
Others	94	94
	<u>43,867</u>	<u>29,044</u>
8. TRADE DEPOSITS AND PREPAYMENTS		
Deposits	4,705	1,801
Prepayments	5,413	4,859
	<u>10,118</u>	<u>6,660</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
		(Rupees in thousand)
9. OTHER RECEIVABLES		
Due from related party - Precision Rubber Products (Private) Limited	636	-
Workers' Profits Participation Fund - note 9.1	2,533	-
Receivable from Sundar Industrial Estate, Lahore	17,368	-
Others	127	2,632
	<u>20,664</u>	<u>2,632</u>
9.1 Workers' Profits Participation Fund		
Balance as at July 1	(520)	(2,862)
Allocation for the year	(8,558)	(11,903)
Interest on funds utilised in the company's business	(46)	(177)
	<u>(9,124)</u>	<u>(14,942)</u>
Amount paid during the year	11,657	14,422
Balance as at June 30	<u>2,533</u>	<u>(520)</u>
10. CASH AND BANK BALANCES		
Cash in hand	1,122	890
Cash at bank		
current accounts		
- local currency	11,099	9,668
- foreign currency	1,880	4,647
	<u>12,979</u>	<u>14,315</u>
	<u>14,101</u>	<u>15,205</u>
11. SHARE CAPITAL		
Authorised share capital		
Number of shares		
<u>75,000,000</u>	<u>75,000,000</u>	
Issued, subscribed and paid-up capital		
Ordinary shares of Rs 10 each		
Number of shares		
2010	2009	
1,255,990	1,255,990	
<u>40,186,753</u>	<u>31,898,204</u>	
<u>41,442,743</u>	<u>33,154,194</u>	
	Shares allotted:	
	for consideration	
	paid in cash	12,560
	as bonus shares	401,867
		<u>414,427</u>
		12,560
		<u>318,982</u>
		<u>331,542</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
	Number of shares	
11.1 Reconciliation of number of ordinary shares outstanding		
At the beginning of the year	33,154,194	5,525,700
Issue of 1 bonus share for every 4 shares (2009: 5 bonus shares for every 1 share) held	<u>8,288,549</u>	<u>27,628,494</u>
At the end of the year	<u>41,442,743</u>	<u>33,154,194</u>
12. LONG TERM FINANCING		
MCB Bank Limited - note 12.1	60,000	100,000
Less: Current maturity shown under current liabilities	<u>(40,000)</u>	<u>(40,000)</u>
	<u>20,000</u>	<u>60,000</u>
12.1 The facility is secured by way of equitable mortgage over land, buildings, plant and machinery installed or to be installed at factory buildings. Mark up is charged at the rate of three months KIBOR + 1.25% (2009: three months KIBOR + 1.25%) per annum. The loan is repayable in equal quarterly installments, uptill October 13, 2011.		
13. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	12,498	26,210
Current maturity shown under current liabilities	<u>(10,238)</u>	<u>(12,510)</u>
	<u>2,260</u>	<u>13,700</u>
Minimum lease payments		
Not later than 1 year	11,156	15,716
Later than one year but not later than 5 years	<u>2,355</u>	<u>15,052</u>
	13,511	30,768
Future finance charges on finance lease	<u>(1,013)</u>	<u>(4,558)</u>
Present value of finance lease liabilities	<u>12,498</u>	<u>26,210</u>
Present value of finance lease liabilities		
Not later than 1 year	10,238	12,510
Later than one year but not later than 5 years	<u>2,260</u>	<u>13,700</u>
	<u>12,498</u>	<u>26,210</u>
13.1 Finance leases are entered into with various modarabas for acquisition of motor vehicles and computer equipments. The balance of liability is payable by June 2012 in monthly installments.		

Monthly lease payments include finance charge ranging from six months KIBOR + 1.25% to six months KIBOR + 2.75% (2009: six months KIBOR + 1.25% to six months KIBOR + 2.75%) per annum which is used as discounting factor.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

2010
(Rupees in thousand)

14. DEFERRED TAX

(Debit) / credit balance arising in respect of:

Accelerated tax depreciation / amortisation	87,191	78,282
Provision for stock obsolescence	(11,545)	(14,893)
Provision for doubtful trade debts	(1,188)	(1,195)
Provision for retirement benefits obligations	(3,257)	(2,240)
Liabilities against assets subject to finance lease	1,420	943
Others	-	(898)
	<u>72,621</u>	<u>59,999</u>

15. RETIREMENT BENEFITS OBLIGATIONS

15.1 The disclosures made in notes 15.2 to 15.10 are based on the information included in the actuarial valuation as of June 30, 2010.

	Pension Plan		Pensioners' Medical Plan	
	2010	2009	2010	2009
	(Rupees in thousand)			
15.2 Balance Sheet Reconciliation				
Fair value of plan assets	-	-	-	-
Present value of defined benefit obligations	20,045	16,870	1,082	1,040
Unrecognised past service cost	(10,089)	(10,930)	(290)	(313)
Unrecognised actuarial gain/ (loss)	(207)	54	166	59
Recognised liability	<u>9,749</u>	<u>5,994</u>	<u>958</u>	<u>786</u>
15.3 Movement in the net liability recognised in the balance sheet				
Opening balance	5,994	-	786	-
Charge for the year	3,755	5,994	172	786
Payments during the year	-	-	-	-
Closing balance	<u>9,749</u>	<u>5,994</u>	<u>958</u>	<u>786</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

15.4	Cost				
	Current service cost	839	542	23	15
	Interest cost	2,075	1,313	126	86
	Expected return on plan assets	-	-	-	-
	Amortisation of vested portion of past service liability	-	3,298	-	661
	Amortisation of non-vested portion of past service liability	841	841	23	24
	Cost for the year	<u>3,755</u>	<u>5,994</u>	<u>172</u>	<u>786</u>

15.5	Movement in the present value of defined benefit obligations				
	Obligation as at July 1	16,870	15,069	1,040	998
	Current service cost	839	542	23	15
	Interest cost	2,075	1,313	126	86
	Benefits paid	-	-	-	-
	Actuarial loss/ (gain)	261	(54)	(107)	(59)
	Obligation as at June 30	<u>20,045</u>	<u>16,870</u>	<u>1,082</u>	<u>1,040</u>

		2010	2009
		(Percent per annum)	
15.6	Principal actuarial assumptions		
	Expected rate of increase in salaries	12.75	12.00
	Expected rate of increase in pension	6.75	6.00
	Expected rate of increase in medical benefits	6.75	6.00
	Discount factor used	12.75	12.00

15.7 The effects of a 1% movement in the assumed medical cost trend rate are as follows:

		Increase	Decrease
		(Rupees in thousand)	
	Effect on the aggregate of interest costs	(25)	31
	Effect on the defined benefit obligations	(151)	187

15.8 The actuary conducts separate valuations for calculating contribution rates and the company contributes to the pension plan according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

15.9 Expected charge for the year ending June 30, 2011 works out to be Rs. 4.44 million and Rs. 0.19 million for Pension plan and Pensioners' medical plan respectively.

15.10 During the year the company contributed Rs 10.64 million (2009: Rs. 8.55 million) to the provident fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

2010
(Rupees in thousand)

16. TRADE AND OTHER PAYABLES

Creditors	210,763	144,363
Accrued liabilities	255,847	259,609
Workers' Profits Participation Fund - note 9.1	-	520
Workers' Welfare Fund	6,436	7,412
Advances from customers	23,173	20,017
Payable to provident fund	1,364	2,500
Security deposits from customers	4,238	4,065
Tax deducted at source	2,488	4,015
Due to related parties - directors	76	39
- others - note 16.1	243	752
Advances from employees against sale of vehicles	18,931	14,902
Unclaimed dividend	752	767
Other liabilities	5,752	1,665
	<u>530,063</u>	<u>460,626</u>

16.1 Due to related parties - others

Associated Textile Consultants (Private) Limited	243	752
	<u>243</u>	<u>752</u>

17. ACCRUED INTEREST / MARK UP

- on short term borrowings	26,583	14,604
- on long term financing	1,736	3,160
	<u>28,319</u>	<u>17,764</u>

18. SHORT TERM BORROWINGS

Running finance under mark up arrangements	634,989	269,668
Murabaha loan	264,780	66,538
Export re-finance	240,000	149,330
Short term loans	50,000	-
	<u>1,189,769</u>	<u>485,536</u>

18.1 The facilities available from various banks amounts to Rs 1.53 billion (2009: Rs 890 million). The arrangements are secured by way of pari-passu charge against hypothecation of company's stock in trade, movables and trade debts. The facilities expiring within one year are annual facilities subject to review at various dates during 2010 and 2011.

18.2 The facilities for opening letters of credit amount Rs 216.15 million (2009: Rs 200 million) and for letter of guarantees amount Rs 15 million (2009: Rs 15 million) as at June 30, 2010 of which the amount remaining unutilised at year end was Rs 163.85 million (2009: Rs 173.59 million) and Rs 1.09 million (2009: Rs 5.19 million) respectively.

18.3 The rates of mark up range from one month KIBOR + 0.35% to three months KIBOR + 2.66% per annum (2009: one month KIBOR + 1.00% to three months KIBOR + 2.41%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
	(Rupees in thousand)	
19. DUE TO THE GOVERNMENT		
Sales tax	14,600	13,597
Special excise duty	1,431	1,046
	<u>16,031</u>	<u>14,643</u>

20. COMMITMENTS

Aggregate commitments for capital expenditure as at June 30, 2010 amount to Rs 18.27 million (2009: Rs 4.14 million).

Aggregate commitments in respect of ujarah payments for ljarah financing of motor vehicles, plant and machinery and computer equipments bearing a mark up ranging from three months KIBOR + 1.25% to six months KIBOR + 1.95% (2009: three months KIBOR + 1.25% to six months KIBOR + 1.95%) per annum for rentals payable monthly as at June 30, 2010 amount to:

	2010	2009
	(Rupees in thousand)	
Not later than one year	13,959	9,153
Over one year to five years	25,092	21,249
	<u>39,051</u>	<u>30,402</u>

21. SALES

Manufactured goods

Gross sales

Local sales

Export sales

5,395,503	4,519,232
597,878	493,844
<u>5,993,381</u>	<u>5,013,076</u>

Sales tax

Special excise duty

(681,175)	(562,180)
(35,005)	(28,931)
<u>(716,180)</u>	<u>(591,111)</u>
<u>5,277,201</u>	<u>4,421,965</u>

Less:

Discount, rebates and allowances

Sales returns

680,034	569,090
107,221	94,169
<u>787,255</u>	<u>663,259</u>
<u>4,489,946</u>	<u>3,758,706</u>

21.1 Export sales comprise of sale made in the following regions:

USA / Canada

Africa

Middle East Asia

Others

190,715	129,676
138,118	133,058
114,875	103,653
154,170	127,457
<u>597,878</u>	<u>493,844</u>

21.2 The company's customer base is diverse with no single customer accounting for more than 10% of net revenues.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

2010
(Rupees in thousands)

2009

22. COST OF SALES

Raw material consumed	2,190,781	1,639,565
Packing material consumed	720,522	600,152
Salaries, wages and other benefits	242,740	203,586
Contribution to provident fund	3,981	3,574
Depreciation / amortisation	60,244	50,906
Ujrah payments	1,643	539
Fuel and power	71,274	62,711
Insurance	11,473	2,988
Laboratory, research and development	3,495	566
Postage and communications	1,631	1,974
Printing and stationery	59	426
Rent, rates and taxes	20,133	14,818
Repairs and maintenance	52,165	47,915
Travelling	39,682	37,164
Security charges	3,271	2,538
Others	998	2,628
	<u>3,424,092</u>	<u>2,672,050</u>
Opening work in process	235,844	213,773
Closing work in process	(352,756)	(235,844)
Cost of goods manufactured	<u>3,307,180</u>	<u>2,649,979</u>
Opening stock of finished goods	171,551	154,102
Closing stock of finished goods	(315,491)	(171,551)
Export rebate	(41)	(275)
	<u>3,163,199</u>	<u>2,632,255</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

2010
2009
(Rupees in thousands)

23. DISTRIBUTION COSTS

Salaries, wages and other benefits	183,930	160,015
Contribution to provident fund	2,862	2,984
Advertising and sales promotion	428,205	268,165
Depreciation / amortisation	13,607	14,871
Ujrah payments	5,461	2,601
Fuel and power	680	1,154
Outward freight and handling charges	182,376	134,984
Forwarding charges	7,159	5,517
Insurance	2,635	1,870
Laboratory, research and development	761	269
Legal and professional charges	74	152
Postage and communications	6,825	7,450
Printing and stationery	4,731	3,190
Rent, rates and taxes	14,967	11,489
Repairs and maintenance	6,063	12,344
Travelling	46,469	35,771
Security charges	732	388
Others	2,281	2,450
	<u>909,818</u>	<u>665,664</u>

24. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits - note 24.1	74,700	72,526
Contribution to provident fund	3,800	2,257
Depreciation / amortisation	20,044	17,716
Ujrah payments	4,954	3,642
Fuel and power	2,458	1,937
Insurance	2,477	2,873
Laboratory, research and development	94	22
Legal and professional charges	10,754	7,104
Postage and communications	4,246	4,108
Printing and stationery	1,826	2,051
Rent, rates and taxes	2,125	1,165
Repairs and maintenance	13,037	15,080
Travelling	15,903	16,719
Security charges	226	256
Others	7,659	2,346
	<u>164,303</u>	<u>149,802</u>

24.1 Salaries, wages and other benefits include Rs. 3.93 million (2009: Rs. 6.78 million) in respect of retirement benefit plans.

No. 1

Food Company in Pakistan

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
	(Rupees in thousand)	
25. OTHER OPERATING EXPENSES		
Auditors' remuneration - note 25.1	2,314	2,308
Donations - note 25.2	3,000	783
Workers' profits participation fund	8,558	11,903
Workers' welfare fund	3,423	5,454
	<u>17,295</u>	<u>20,448</u>
25.1 Auditors' remuneration		
Audit fee	1,000	750
Limited review, special reports and other certifications	265	750
Taxation services	800	600
Out of pocket expenses	249	208
	<u>2,314</u>	<u>2,308</u>
25.2 None of the Directors or their spouses had any interest in the donees.		
26. OTHER OPERATING INCOME		
Income from financial assets		
Exchange gain - net	7,892	5,677
Return on late payments by trade debtors	824	598
Return on term deposits	-	492
Income from other than financial assets		
Profit on disposal of property, plant and equipment	4,267	1,611
Liabilities no longer payable written back	10,207	4,866
Insurance claim	24	3,593
Others	-	169
	<u>23,214</u>	<u>17,006</u>
27. FINANCE COSTS		
Mark up on long term finance	10,317	16,220
Mark up on running finance under mark up arrangements	54,135	46,782
Mark up on export re-finance	16,295	9,545
Mark up on money market loan	6,245	-
Mark up on foreign currency import finance	-	2,447
Mark up on finance lease	2,785	5,015
Interest on Workers' Profits Participation Fund	46	177
Bank charges	9,541	6,655
	<u>99,364</u>	<u>86,841</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

2010
(Rupees in thousand)

2009

28. TAXATION

Current	48,000	82,000
Deferred	12,622	(10,759)
	<u>60,622</u>	<u>71,241</u>
Prior years	12,000	10,000
	<u>72,622</u>	<u>81,241</u>

28.1 Reconciliation between tax expense and accounting profit:

Profit before taxation	159,181	220,702
Tax at applicable rate of 35%	55,713	77,246
Tax effect of permanent differences	372	359
Tax effect of final tax regime	532	(6,226)
Others	4,005	(138)
Provision for prior year	12,000	10,000
	<u>72,622</u>	<u>81,241</u>

29. EARNINGS PER SHARE

Profit after taxation attributable to ordinary shareholders	86,559	139,461
Weighted average number of shares in issue during the year (in thousand)	41,443	41,443
Earnings per share - (Rupees)	2.09	3.37

For the purpose of calculating earnings per share, number of shares outstanding as at June 30, 2009 have been increased to reflect the bonus shares issued during the year.

A diluted earnings per share has not been presented as the company did not have any convertible instruments in issue as at June 30, 2010 and 2009 which would have any effect on the earnings per share if the option to convert is exercised.

No. 1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
	(Rupees in thousand)	
30. CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	159,181	220,702
Adjustments for non-cash charges and other items		
Depreciation	76,303	74,064
Amortisation	17,592	9,429
Profit on disposal of property, plant and equipment	(4,267)	(1,611)
Stock written off	23,482	43,382
Finance costs	99,364	86,841
Retirement benefits expense	3,927	6,780
	<u>216,401</u>	<u>218,885</u>
Profit before working capital changes	375,582	439,587
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES		
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	72	2,067
Stock in trade	(678,737)	(135,100)
Trade debts	21,506	(15,465)
Advances	(14,823)	(10,079)
Trade deposits and prepayments	(3,458)	(4,327)
Other receivables	(18,032)	(1,433)
	<u>(693,472)</u>	<u>(164,337)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	69,452	91,266
Due to the government	1,388	4,198
	<u>70,840</u>	<u>95,464</u>
	<u>(247,050)</u>	<u>370,714</u>
31. CASH AND CASH EQUIVALENTS		
Cash and bank balances	14,101	15,205
Short term borrowings	(1,189,769)	(485,536)
	<u>(1,175,668)</u>	<u>(470,331)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

32. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

32.1 The aggregate amounts charged in these financial statements in respect of remuneration including all benefits to chief executive, directors and executives of the company are as follows:

	Chief Executive		Directors		Executives	
	2010	2009	2010	2009	2010	2009
	(Rupees in thousand)					
Managerial remuneration and allowances	5,305	4,484	3,484	3,484	46,415	35,960
Utilities	530	448	348	348	4,656	3,596
Bonus / variable pay	588	2,542	435	435	5,692	9,367
Housing	2,387	2,018	1,568	1,568	20,739	16,182
Retirement benefits	3,793	2,789	665	4,303	4,764	3,401
Other expenses	957	921	1,110	753	21,349	15,965
	<u>13,560</u>	<u>13,202</u>	<u>7,610</u>	<u>10,891</u>	<u>103,615</u>	<u>84,471</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>43</u>	<u>36</u>

32.2 Fee to non-executive directors paid during the year amounted to Rs 16,000 (2009: Rs 17,000).

32.3 The Chief Executive, executive directors and certain executives of the company are also provided with company maintained cars and residential telephones.

33. RELATED PARTY DISCLOSURES

A. Related parties with whom the company had transactions

- | | | |
|-----|--------------------------------------|--|
| i) | Associated Companies / Undertakings: | Associated Textile Consultants (Private) Limited
Precision Rubber Products (Private) Limited
Premier Agency
Premier Distributor |
| ii) | Defined Contribution Plan: | National Foods Limited Provident Fund |

No. 1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

B. Disclosure of transactions between the company and related parties

Relationship with the Company	Nature of transaction	2010 (Rupees in thousand)	2009
Associated Companies / Undertakings:	Sale of goods	664,279	647,686
	Compensation for use of trademark / marketing expense	-	1,596
	Reciprocal arrangements for sharing of services	2,941	2,400
	Purchase of goods	19,228	-
Staff retirement fund:	Expense charged for defined contribution plan	10,643	8,815
	Payments to retirement contribution plan	32,486	17,090
Key management personnel compensation:			
	Salaries and other short-term employee benefits	76,010	70,249
	Post-employment benefits	7,403	2,561

The related party status of outstanding balances as at June 30, 2010 is included in trade debts, other receivables and trade and other payables respectively. These outstanding balances are unsecured and are settled in the ordinary course of business.

34. PLANT CAPACITY AND PRODUCTION	2010	2009
	Actual production Metric Tons	
Spices	7,489	6,108
Pickles	6,327	5,525
Pastes	6,862	6,107
Salt	19,049	20,053

34.1 The capacity and production of the company's plants are indeterminable as these are multi-product and involve varying processes of manufacture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

35.1 Financial risk factors

The company's activities expose it to variety of financial risks namely credit risk, liquidity risk and market risk (including foreign exchange risk and interest rate risk). The company's overall risk management programme focuses on having cost effective funding as well as manage financial risk to minimise earnings volatility and provide maximum return to shareholders.

35.2 Financial assets and liabilities by category and their respective maturities

	Interest / Mark up bearing			Non-interest / Non-mark up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	(Rupees in thousand)						
FINANCIAL ASSETS							
Trade debts	-	-	-	253,050	-	253,050	253,050
Deposits	-	-	-	4,705	4,509	9,214	9,214
Other receivables	-	-	-	20,664	-	20,664	20,664
Cash and bank balances	-	-	-	14,101	-	14,101	14,101
June 30, 2010	-	-	-	292,520	4,509	297,029	297,029
June 30, 2009	-	-	-	294,194	5,163	299,357	299,357
FINANCIAL LIABILITIES							
Long term financing	40,000	20,000	60,000	-	-	-	60,000
Liabilities against assets subject to finance lease	10,238	2,260	12,498	-	-	-	12,498
Trade and other payables	-	-	-	477,671	-	477,671	477,671
Accrued interest / mark up	-	-	-	28,319	-	28,319	28,319
Short term borrowings	1,189,769	-	1,189,769	-	-	-	1,189,769
June 30, 2010	1,240,007	22,260	1,262,267	505,990	-	505,990	1,768,257
June 30, 2009	538,046	73,700	611,746	429,024	-	429,024	1,040,770
OFF BALANCE SHEET ITEMS							
Letters of credit							52,303
June 30, 2009							26,413
Letters of guarantees							13,911
June 30, 2009							9,809

All the financial instruments of the Company are designated as loans and receivables and hence measured at amortised cost.

The effective interest / mark up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

i) Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparts failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs 297.03 million (2009: Rs 299.36 million) the financial assets exposed to the credit risk amount to 295.91 million (2009: Rs 298.47 million).

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Individual risk limits are set based on internal or external credit worthiness ratings in accordance with limits set by the management. As of June 30, 2010 trade debts of Rs 133.47 million (2009: Rs 129.50 million) were past due but not impaired. The carrying amount of trade debts relates to number of individual customers for whom there is no recent history of default.

The bank balances represent low credit risk as they are placed with banks having good credit ratings assigned by credit rating agencies.

The other financial assets are neither material to the financial statements nor exposed to any significant credit risk.

The management does not expect any losses from non-performance by these counterparties.

ii) Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements. Management monitors rolling forecasts of the Company's liquidity reserve which comprises of undrawn borrowing facility and cash and cash equivalents on the basis of expected cash flows.

iii) Market Risks

a) Foreign exchange risk

Foreign exchange risk arises mainly where receivables and payables exist in foreign currency. As at June 30, 2010, financial assets of Rs 150.99 million (2009: Rs 182.73 million) were in foreign currency which were exposed to foreign currency risk.

As at June 30, 2010, if the Pak Rupee had weakened / strengthened by 7% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs 10.43 million (2009: Rs 12.33 million), mainly as a result of foreign exchange losses / gains on transition of US Dollar denominated trade debts.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Company only as at the balance sheet date and assumes this is the position for a full twelve-month period. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (five years) rates have moved on average basis by the mentioned percentages per annum.

b) Interest rate risk

The Company's interest rate risk arises from borrowings as the Company has no significant interest-bearing assets. Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

At June 30, 2010, the Company had variable interest bearing financial liabilities of Rs 1.26 billion (2009: Rs 611.75 million), and had the interest rate varied by 100 basis points (2009: 200 basis points) with all the other variables held constant, profit before tax for the year would have been lower / higher by approximately Rs 12.56 million (2009: Rs 12 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

The sensitivity of 100 basis points (2009: 200 basis points) movement in interest rates has been used as historically (five years) floating interest rates have moved by an average of 100 basis points (2009: 200 basis points) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

35.3 Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

During 2010 the Company's strategy was to maintain leveraged gearing. The gearing ratio as at June 30, 2010 was as follows:

	2010	2009
	(Rupees in thousand)	
Total Borrowings	1,290,586	629,510
Cash and Bank	(14,101)	(15,205)
Net debt	1,276,485	614,305
Total Equity	741,945	655,386
Total capital	2,018,430	1,269,691
Gearing ratio	63%	48%

The company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. The gearing ratio of the company has increased due to higher working capital requirements.

35.4 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

36. Events Occurring After Balance Sheet Date - Proposed Dividend

The Board of Directors in its meeting held on September 17, 2010 proposed a cash dividend for the year ended June 30, 2010 of Rs 1.20 per share amounting to Rs 49.73 million (2009: 1 bonus share for every 4 shares held amounting to Rs 82.89 million) subject to the approval of the company in the annual general meeting.

These Financials Statements do not reflect the proposed dividend as payable, which will be accounted for in the statement of changes in equity as an appropriation from the unappropriated profit in the year ending June 30, 2011.

37. CORRESPONDING FIGURES

The prior year's figures have been reclassified for the purpose of better presentation and comparison. However, no material reclassifications have been made in these financial statements

38. DATE OF AUTHORISATION

These financial statements were authorised for issue on September 17, 2010 by the Board of Directors of the company.


Chief Executive


Director

No. 1

FORM OF PROXY

39TH ANNUAL GENERAL MEETING

I/We _____ of
_____ being a member of

National Foods Limited holding _____ ordinary shares as per Registered

Folio No./CDC A/C No. (for members who have shares in CDS) _____

hereby appoint Mr./Mrs./Miss _____ of

(full address) _____ or falling him/her

Mr./Mrs./Miss _____ of

(full address) _____

(being member of the Company) as my/our Proxy to attend, act and vote for me/us and behalf at the 39th Annual General Meeting of the Company to be held on October 15, 2010 and/or any adjournment there of.

As witness my/our hand seal this _____ day of _____ 2010.

Signed by _____ in the

presence of (i) _____

(ii) _____

Signature on
Rs.5/-
Revenue Stamp

(Signature must agree with the specimen
signature registered with the company)

Important:

1. This form of proxy, duly completed and signed, must be deposited at the office of the Company's Shares Registrar, not later than 48 hours before the meeting.
2. This form should be signed by the Member or by his/her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
3. A Member entitled to attend and vote at the meeting may appoint any other Member as his/her proxy to attend and vote on his/her behalf except that a corporation may appoint a person who is a Member.

For CDC Account Holders/Corporate Entities:

In addition to the above following requirements have to be met:

- i. The Proxy form shall be witness by two persons whose names, address and CNIC Numbers Shall be mentioned on the form.
- ii. Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- iv. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form.

AFFIX
POSTAGE

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(Siddiqsons Tower) 3-Jinnah C.H. Society,
Main Shahrah-e-Faisal, Karachi- 75350



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