

# **REPORT & ACCOUNTS**

**FOR THE HALF YEAR ENDED  
DECEMBER 31, 2010**



**Emco Industries Limited**

## *Directors' Report*

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present un-audited financial statement of the Company for the half year ended December 31, 2010.

The floods in the country during this summer season and ongoing energy crises has further affected the performance of the company for the period. Net Sales during six months under review is Rs. 915.004 million as compared to net sales of Rs. 916.309 million last year. During the period under review your company has suffered net loss after tax of Rs. 41.646 million as compared to after tax loss of Rs. 17.124 million during the same period last year.

The key highlights of the six months under review and plant wise performance are as under:

### Insulator Plant

There has been increase of Rs. 64.437 Million in the sales as compared to the previous period. Keeping in view higher orders from all formations of WAPDA we expect improvement in results in the subsequent period.

### Wall Tile

Profit from operation is Rs. 62.695 million as compared to operating profit of Rs.68.712 million over the same period last year. The net sales have decreased from Rs. 487.989 million to Rs.444.406 million over the same period last year. The average monthly production of plant has decreased from 278,592 M<sup>2</sup> to 205,924 M<sup>2</sup>. We are expecting improvement in the operating results of this division in coming quarters.

### Floor Tile

The operating loss of this plant is Rs.7.226 million as compared to operating profit of Rs. 5.936 million from the correspondence period. The average monthly production of this plant has decreased from 75,064 M<sup>2</sup> to 53,862 M<sup>2</sup>. We are expecting improvement in the operating results of this division in coming quarter.

The Directors appreciate the hard work and dedication of all staff members of company at various levels. They are also grateful to the stake holders for their support and cooperation.

On behalf of board

Lahore  
February 28, 2011

**Tariq Rehman**  
Managing Director

## *AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION*

### Introduction

We have reviewed the accompanying condensed interim balance sheet of EMCO Industries Limited as at December 31, 2010 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our report, we draw attention to note 2.1 to the condensed interim financial information which states that the continuation of the company as a going concern is dependent on its ability to attain satisfactory level of profitability in future and continued support from sponsors. Management's plan in regard to this matter has been discussed in note 2.1 to the condensed interim financial information.

A.F.FERFUSON & CO.  
Chartered Accountants

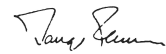
Lahore: February 28, 2011

## *CONDENSED INTERIM BALANCE SHEET*

	Note	December 31, 2010 Rupees	June 30, 2010 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized capital 40,000,000 (June 2010: 40,000,000) ordinary shares of Rs 10 each		400,000,000	400,000,000
Issued, subscribed and paid up capital 35,000,000 (June 2010: 35,000,000) ordinary shares of Rs 10 each		350,000,000	350,000,000
Reserves		129,898,526	129,898,526
Accumulated loss		(448,657,852)	(416,266,572)
		31,240,674	63,631,954
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		442,073,841	451,328,383
<b>NON-CURRENT LIABILITIES</b>			
Long term loans from directors - unsecured		74,070,569	74,070,569
Long term finances	4	304,949,530	310,994,443
Liabilities against assets subject to finance lease		9,828,970	12,509,506
Deferred liabilities		28,102,081	28,908,012
Deferred taxation		30,514,947	41,760,854
		447,466,097	468,243,384
<b>CURRENT LIABILITIES</b>			
Current portion of			
- Long term finances	4	173,348,820	158,990,103
- Liabilities against assets subject to finance lease		5,679,982	6,134,163
Short term borrowings from related parties - unsecured		88,206,650	23,457,894
Finances under mark up arrangements - secured		545,441,161	561,963,103
Trade and other payables		319,913,001	361,002,377
Accrued mark-up on loans and other payables		55,210,296	89,005,374
		1,187,799,910	1,200,553,014
<b>CONTINGENCIES AND COMMITMENTS</b>	6	2,108,580,522	2,183,756,735

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

Lahore  
February 28, 2011

  
(Tariq Rehman)  
Chief Executive

*(UN-AUDITED) AS AT DECEMBER 31, 2010*

	Note	December 31, 2010 Rupees	June 30, 2010 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,177,644,779	1,209,669,615
Assets subject to finance lease		21,438,973	24,116,711
Intangible assets		2,860,232	3,010,770
Capital work in progress		5,182,215	7,265,466
Long term deposits		3,436,378	3,577,378
Long term loans		3,213,411	3,639,190
		1,213,775,988	1,251,279,130
CURRENT ASSETS			
Stores, spares and loose tools		119,834,185	124,288,795
Stock-in-trade		325,205,374	346,808,267
Trade debts		359,065,195	337,709,771
Loans, advances, deposits, prepayments and other receivables		42,010,970	36,140,996
Taxation - net		40,301,572	36,521,475
Cash and bank balances		8,387,239	51,008,301
		894,804,535	932,477,605
		2,108,580,522	2,183,756,735



(Haris Noorani)  
Director


***CONDENSED INTERIM PROFIT AND LOSS ACCOUNT***  
***(UN-AUDITED)***

FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	Notes	October to December		July to December	
		2010 Rupees	2009 Rupees	2010 Rupees	2009 Rupees
Sales		405,909,016	475,030,679	915,004,068	916,308,565
Cost of goods sold	7	(361,513,653)	(385,440,791)	(766,738,858)	(739,075,072)
Gross profit		44,395,363	89,589,888	148,265,210	177,233,493
Administration expenses		(15,081,648)	(21,056,699)	(32,063,443)	(36,457,296)
Distribution and selling costs		(32,771,772)	(31,949,524)	(67,558,587)	(59,104,883)
Other operating expenses		(6,057,463)	(1,969,902)	(6,573,857)	(3,002,820)
		(53,910,883)	(54,976,125)	(106,195,887)	(98,564,999)
		(9,515,520)	34,613,763	42,069,323	78,668,494
Other operating income		2,166,549	740,332	3,133,416	1,652,921
(Loss) / Profit from operations		(7,348,971)	35,354,095	45,202,739	80,321,415
Finance cost		(47,638,094)	(45,913,015)	(90,378,324)	(91,719,546)
Loss before taxation		(54,987,065)	(10,558,920)	(45,175,585)	(11,398,131)
Taxation		6,075,237	(3,490,287)	3,529,763	(5,725,846)
Loss after taxation		(48,911,828)	(14,049,207)	(41,645,822)	(17,123,977)
Loss per share - Basic and diluted		(1.40)	(0.40)	(1.19)	(0.49)

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

Lahore  
February 28, 2011

  
(Tariq Rehman)  
Chief Executive

  
(Haris Noorani)  
Director


***CONDENSED INTERIM STATEMENT OF  
COMPREHESIVE INCOME (UN-AUDITED)***

FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	October to December		July to December	
	2010 Rupees	2009 Rupees	2010 Rupees	2009 Rupees
Loss after taxation	(48,911,828)	(14,049,207)	(41,645,822)	(17,123,977)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	(48,911,828)	(14,049,207)	(41,645,822)	(17,123,977)

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

Lahore  
February 28, 2011

  
(Tariq Rehman)  
Chief Executive

  
(Haris Noorani)  
Director


**CONDENSED INTERIM CASH FLOW STATEMENT**  
(UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	Notes	December 31, 2010 Rupees	December 31, 2009 Rupees
<b>Cash flow from operating activities</b>			
Cash generated from operations	9	49,575,306	48,289,553
Finance cost paid		(81,262,256)	(78,781,090)
Taxes paid		(11,496,241)	(11,155,941)
Gratuity paid		(6,538,893)	(2,131,084)
<b>Net cash used in operating activities</b>		<b>(49,722,084)</b>	<b>(43,778,562)</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(4,814,342)	(2,581,703)
Net decrease / (increase) in long term loans and other receivables		896,409	(1,081,920)
Net increase in long term deposits		(60,000)	(1,148,600)
<b>Net cash used in investing activities</b>		<b>(3,977,933)</b>	<b>(4,812,223)</b>
<b>Cash flow from financing activities</b>			
Long term finances - net		(34,597,342)	10,555,556
Short term loans - net		64,748,756	10,724,908
Lease rentals paid		(2,550,517)	(5,659,258)
<b>Net cash from financing activities</b>		<b>27,600,897</b>	<b>15,621,206</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(26,099,120)</b>	<b>(32,969,579)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(510,954,802)</b>	<b>(499,468,928)</b>
<b>Cash and cash equivalents at the end of the period</b>	10	<b>(537,053,922)</b>	<b>(532,438,507)</b>

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

Lahore  
February 28, 2011

  
(Tariq Rehman)  
Chief Executive

  
(Haris Noorani)  
Director



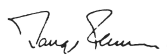
**CONDENSED INTERIM STATEMENT OF  
CHANGES IN EQUITY (UN-AUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	Share Capital Rupees	Share Premium Rupees	General Reserve Rupees	Accumulated Loss Rupees	Total Rupees
Balance as on June 30, 2009	350,000,000	39,898,526	90,000,000	(361,357,337)	118,541,189
Total comprehensive loss for the period	-	-	-	(17,123,977)	(17,123,977)
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation: - Incremental depreciation	-	-	-	8,371,611	8,371,611
Balance as on December 31, 2009	350,000,000	39,898,526	90,000,000	(370,109,703)	109,788,823
Total comprehensive loss for the period	-	-	-	(54,620,915)	(54,620,915)
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation: - Incremental depreciation	-	-	-	8,464,046	8,464,046
Balance as on June 30, 2010	350,000,000	39,898,526	90,000,000	(416,266,572)	63,631,954
Total comprehensive loss for the period	-	-	-	(41,645,822)	(41,645,822)
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation: - Incremental depreciation	-	-	-	9,254,542	9,254,542
Balance as on December 31, 2010	350,000,000	39,898,526	90,000,000	(448,657,852)	31,240,674

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

Lahore  
February 28, 2011

  
(Tariq Rehman)  
Chief Executive

  
(Haris Noorani)  
Director

## *SELECTED NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)*

FOR THE HALF YEAR ENDED DECEMBER 31, 2010

1. **The Company and its operations**

The company is incorporated in Pakistan and listed on Karachi, Lahore and Islamabad Stock Exchanges. The company was incorporated as a Joint Stock Company in Pakistan under the Companies Act, 1913, (now Companies Ordinance 1984) as a private limited company on August 17, 1954 by the name of Electric Equipment Manufacturing Company (Private) Limited. Later it was converted into a public company on August 20, 1983 and its name was changed to EMCO Industries Limited on September 12, 1983. The company was listed on the stock exchange on December 29, 1983. Its registered and head offices are situated at 119 E/I, Hali Road, Gulberg III, Lahore. It is principally engaged in the manufacture and sale of high/low tension electrical porcelain insulators, switchgear and ceramic tiles.
2. **Basis of preparation**

This condensed interim financial information is unaudited and has been prepared and is being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 - 'Interim Financial Reporting'. The figures for the half year ended December 31, 2010 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2010.

  - 2.1 The company has incurred a loss after taxation of Rs 41.646 million during the six months ended December 31, 2010 while the accumulated loss stands at Rs 448.658 million as at December 31, 2010. Current liabilities exceed current assets by Rs 292.995 million and the existing borrowing facilities are fully utilized. The company, in order to carry on its business without material curtailment of operations and to meet its current obligations requires improvement in operating margins and increase in sale volumes through increased production quantities which is dependent on availability of uninterrupted gas supply. Continuation of the company as a going concern is dependent on its ability to attain satisfactory level of profitability in future and in the intervening period, continued support from sponsors.

The management of the company is confident that it will be able to meet its obligations and carry on business without any curtailment based on the grounds that the company will be able to achieve satisfactory level of profitability in the future based on the plans drawn up by the management for this purpose, which include continued support from sponsors and increased profitability through higher sale volumes and improved operating margins.

This financial information consequently does not include any adjustments relating to the realization of its assets and liquidation of any liabilities that might be necessary should the company be unable to continue as a going concern.
3. **Significant accounting policies**

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2010.
- 3.1 **Standards and interpretations to existing standards that are effective and applicable to the company**

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning July 01, 2010. However, the adoption of these new standards and amendments to standards did not have any significant impact on the financial information of the company:

  - IAS 1 (Amendment); 'Presentation of financial statements'
  - IAS 32 (Amendment); 'Classification of right issues'
  - IAS 39 (Amendment); 'Cash flow hedge accounting'
  - IFRIC 19, 'Extinguishing financial liabilities with equity instruments'
- 3.2 **Standards and interpretations to existing standards that are applicable to the company and not yet effective**

- IFRS 9, 'Financial Instruments', issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until July 1, 2013 but is available for early adoption. IFRS 9

only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The company has not yet decided when to adopt IFRS 9.

- Revised IAS 24, 'Related Party Disclosures', issued in November 2009. It supersedes IAS 24, 'Related Party Disclosures', issued in 2003. The revised IAS 24 is required to be applied from July 1, 2011. Earlier application, in whole or in part, is permitted.

- 'Prepayments of a minimum funding requirement' (Amendments to IFRIC 14), issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning July 1, 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.

### 3.3 Standards and interpretations to existing standards that are not applicable to the company and not yet effective.

There are a number of minor amendments in other IFRS and IAS which are part of annual improvement project published in April 2009 and improvements to International Financial Reporting Standards 2010, issued in May 2010 (not addressed above). These amendments are unlikely to have any impact on the company's financial statements and therefore have not been analyzed in detail.

	Note	December 31, 2010 Rupees	June 30, 2010 Rupees
4. Long term loans and liabilities			
Secured loans			
- Local currency loans	4.1	275,835,272	310,432,614
Unsecured loans from			
- Associated companies		15,951,139	15,951,139
Other payables			
- Payable to provident fund	4.2	186,511,939	143,600,793
		478,298,350	469,984,546
Less: Current portion shown under current liabilities			
- Secured loans (includes overdue principal amounting to Rs. 33,756 thousands)		132,412,681	121,750,805
- Unsecured loans (includes overdue principal amounting to Rs. 15,951 thousands)		15,951,139	-
- Other payables (includes overdue principal amounting to Rs. 4,563 thousands)		24,985,000	37,239,298
		173,348,820	158,990,103
		304,949,530	310,994,443

4.1 This includes loan obtained from the Bank of Punjab, rescheduled during the period ended December 31, 2010. Under the reschedule agreement with the bank, the outstanding balance of Rs 144.055 million is repayable in 59 equal monthly installments of Rs. 2.441 million commencing from December 1, 2010. It carries mark-up at 1 month kibar plus 3% per annum, payable monthly.

4.2 This represents the balance payable to EMCO Industries Limited Provident Fund converted into a long term loan on July 1, 2000. In 2003, under a plan approved by the SECP, the company developed a revised repayment schedule to repay this balance. Under this scheme the liability towards the workmen aggregating Rs. 90.959 million along with mark-up which was to be computed at the rate of 10% per annum on the outstanding balance, was repayable in 20 unequal quarterly installments ending on December 31, 2007.

As on June 1, 2007 the outstanding amount of Rs 90.061 million was rescheduled through an agreement between the Company and the Trustees of the fund. Under the revised repayment schedule the outstanding amount along with mark up at the rate of 13% per annum, was repayable in 20 unequal quarterly installments ending May 31, 2012.

As on December 31, 2008, the company obtained additional loan from Emco Industries Limited Provident Fund resulting in the aggregate outstanding balance of Rs 143.6 million. The outstanding amount was rescheduled through an agreement between the company and the Trustees of the Fund. Under the revised agreement, the balance was repayable by December 2014 in 24 unequal quarterly installments commencing July 1, 2009. Mark-up on the outstanding balance was payable quarterly at the rate of weighted average cost of capital to the company + 1% per annum.

During the period ended December 31, 2010, the company under directions from SECP has restructured the loan payable to Provident Fund and capitalized the accrued mark-up of Rs 42.911 million increasing the outstanding principal to Rs. 186.511 million. The company has entered into a revised agreement with the Trustees of the Fund effective July 1, 2010. Under the revised agreement, the balance is repayable by March 31, 2016 in 23 unequal quarterly installments. Mark-up on the outstanding balance is payable quarterly at the rate of weighted average cost of funds to the company + 1% per annum. No installment has been paid up to December 31, 2010.

	Note	December 31, 2010 Rupees	June 30, 2010 Rupees
5. Property, plant and equipment			
Opening written down value		1,209,669,615	1,160,830,877
Add: Additions during the period	5.1	12,909,064	36,811,682
Transfers in during the period		3,354,471	17,131,308
Revaluations during the period		-	84,122,069
		1,225,933,150	1,298,895,936
Less: Disposals during the period (at written down value)		-	897,768
Depreciation charged during the period		48,288,371	88,328,553
		48,288,371	89,226,321
		1,177,644,779	1,209,669,615
5.1 Additions during the period			
Building on freehold land		3,080,000	10,279,586
Plant and machinery		8,805,723	25,638,424
Tools and equipment		-	-
Office equipment		1,020,441	812,217
Furniture and fixtures		2,900	21,800
Vehicles		-	59,655
		12,909,064	36,811,682
6. Contingencies and commitments			
6.1 Contingencies			
There has been no material change in contingencies since last audited annual financial statements.			
6.2 Commitments in respect of			
(i) Letters of credit other than for capital expenditure amounting to Rs 55.964 million (June: 2010 Rs 56.69 million).			
(ii) Guarantees issued amounting to Rs 136.550 million (Jun 2010: Rs 185.755 million) against the performance of various contracts.			

	October to December		July to December	
	2010 Rupees	2009 Rupees	2010 Rupees	2009 Rupees
7. Cost of goods sold				
Raw and packing materials consumed	138,894,278	184,694,293	316,915,088	340,734,775
Stores and spares consumed	15,923,077	31,074,699	42,748,798	53,910,400
Salaries, wages and benefits	61,603,474	63,004,374	132,812,201	120,294,280
Power and gas	83,252,981	81,166,193	181,089,930	155,064,991
Depreciation on owned assets	24,485,375	22,435,862	47,199,538	43,643,291
Depreciation on leased assets	40,171	839,476	658,544	1,384,113
Vehicle maintenance	179,210	120,920	284,329	220,254
Repairs and maintenance	1,671,201	643,618	4,165,278	3,004,580
Insurance	935,699	660,322	1,843,648	1,252,070
Communication and stationery	458,546	524,411	1,038,893	947,686
Rent, rates and taxes	3,520,689	3,403,673	8,181,664	7,458,802
Travelling and conveyance	1,250,398	960,488	2,805,075	2,172,694
Provision for obsolete stock	1,078,699	883,189	1,078,699	883,189
Others	1,927,884	1,625,185	5,830,861	4,239,439
	335,221,681	392,036,703	746,652,545	735,210,564
Add: Opening work in process	41,131,760	34,451,841	37,514,097	26,962,783
	376,353,441	426,488,544	784,166,642	762,173,347
Less: Closing work in process	42,021,021	39,861,431	42,021,021	39,861,431
Cost of goods produced	334,332,419	386,627,113	742,145,620	722,311,916
Add: Opening stock of finished goods	178,834,102	234,105,830	176,219,756	251,908,976
	513,166,521	620,732,943	918,365,376	974,220,892
Less: Closing stock of finished goods	151,626,518	235,010,601	151,626,518	235,010,601
Cost of goods sold				
- own manufactured	361,540,003	385,722,342	766,738,858	739,210,291
Cost of goods sold				
- purchased for resale	(26,350)	(281,551)	-	(135,219)
	361,513,653	385,440,791	766,738,858	739,075,072

8. Segment Information	Insulator		Wall Tile		Floor Tile		Total	
	July to December 2010	June 30, 2010	July to December 2010	June 30, 2010	July to December 2010	June 30, 2010	July to December 2010	June 30, 2010
Segment revenue - external	357,996,503	283,559,130	444,406,311	487,988,591	112,601,254	134,760,844	915,004,068	916,308,565
Segment result from operations	(10,212,796)	5,672,863	62,695,006	68,712,432	(7,226,419)	5,936,120	45,255,790	80,321,415
8.1 Inter segment pricing There are no inter segment sales.								
8.2 Segment assets Segment assets Unallocated assets	889,917,842	937,855,980	842,225,871	890,139,370	276,226,951	221,863,275	2,008,370,664	2,049,858,625
							100,209,858	133,898,110
							2,108,580,522	2,183,756,735
8.3 Segment liabilities Segment liabilities Unallocated liabilities	159,956,501	180,501,189	102,372,160	115,520,761	57,584,340	64,980,428	319,913,001	361,002,377
							1,313,353,006	1,307,794,021
							1,635,266,007	1,668,796,398
8.4 Other segment information Capital expenditure	6,916,695	2,477,840	5,206,127	67,176	786,242	36,687	12,909,064	2,581,703
							12,909,064	2,581,703
Depreciation of owned assets	15,184,122	14,747,358	26,424,926	23,671,446	6,679,321	6,264,815	46,288,369	44,683,619
Depreciation of leased assets	309,993	909,357	727,207	718,257	395,507	390,086	1,432,707	2,017,700
							49,721,076	46,701,319

	December 31, 2010 Rupees	December 31, 2009 Rupees	
9. Cash used in operations			
Loss before taxation	(45,175,585)	(11,398,131)	
Adjustments for:			
Depreciation	48,288,371	44,683,619	
Depreciation of leased assets	1,406,519	2,017,700	
Amortization of intangibles	150,538	167,265	
Provision for gratuity	5,732,962	4,963,864	
Provision for doubtful receivables	-	3,476,679	
Provision for obsolete stocks	1,078,699	883,189	
Provision for discount	13,063,937	-	
Financial charges	90,378,324	91,719,546	
	160,099,350	147,911,862	
Profit before working capital changes	114,923,765	136,513,731	
Effect on cash flow due to working capital changes:			
- Increase in stores and spares	(3,640,113)	(12,674,908)	
- Decrease/ (increase) in stock-in-trade	20,524,195	(533,361)	
- Increase in trade debts	(34,419,361)	(59,410,915)	
- Increase in loans, advances, deposits, prepayments and other receivables	(6,723,804)	(10,208,247)	
- Decrease in creditors, accrued and other liabilities	(41,089,375)	(5,396,747)	
	(65,348,459)	(88,224,178)	
	49,575,306	48,289,553	
10. Cash and cash equivalents			
Cash and bank balances	8,387,239	15,852,948	
Finances under mark-up arrangements - secured	(545,441,161)	(548,291,455)	
	(537,053,922)	(532,438,507)	
11. Transactions with related parties	Half year ended		
	December 31, 2010 Rupees	December 31, 2009 Rupees	
Relationship with the company	Nature of transaction		
i. Associated undertakings	Mark-up on long term finances	395,132	395,132
	Purchase of goods and services	-	1,883,312
ii. Directors and close relatives thereof	Short term borrowings obtained	78,900,000	15,350,000
	Short term borrowings repaid	14,151,244	4,620,092
iii. Post employment benefit plans	Rent Paid	3,000,000	3,000,000
	Expense charged in respect of retirement benefit plans	7,368,530	5,203,704
	Mark up on long term loan	15,772,267	11,564,388
iv. Key management personnel	Salaries and other employee benefits	21,245,471	20,559,064
v. Undertaking in which close family members of a director are holding directorship	Sale of goods	244,355	310,017

	December 31, 2010 Rupees	June 30, 2010 Rupees
Balances due to:		
- Related parties	<u>19,386,162</u>	<u>49,438,727</u>

12. Date of authorization for issue  
These financial statements were authorised for issue on 28-02-2011 by the Board of Directors of the company.

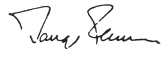
13. Corresponding figures  
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been rearranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made during the year except for the following:

	Rupees
Compensation for breakage classified from "Selling and distribution expenses" to "Sales"	5,833,857

The above figures have been re-arranged as the reclassification made is considered more appropriate for the purposes of presentation.

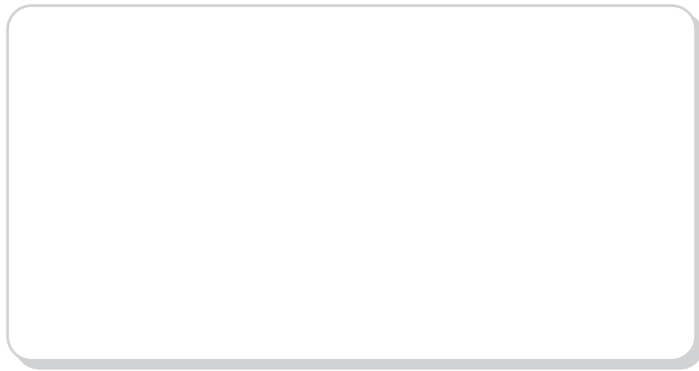
Lahore  
February 28, 2011

  
(Tariq Rehman)  
Chief Executive

  
(Haris Noorani)  
Director



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