

**REPORT & ACCOUNTS**

**FOR THE HALF YEAR ENDED  
DECEMBER 31, 2011**



**Emco Industries Limited**

# **REPORT & ACCOUNTS**

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**Emco Industries Limited**

## *Directors' Report*

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present Unaudited financial statement of the Company for the half year ended December 31, 2011.

Sale for the period under review is Rs. 1,019.516 million as compared to Rs.915.004 million. There is considerable improvement in the results as your company has earned post tax profit of Rs. 28.384 million as compared to net loss after tax of Rs.41.646 million in the same period last year. This is mainly attributed to optimal use of available resources and concerted effort of entire management and staff members.

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

### Insulator Plant

The operations of the Insulator Plant were optimized during the period under review. The net sale for the period was reduced to Rs. 268.081 Million as compared to the previous period sale of Rs. 357.997 Million. However, the operating profit for the period is Rs.35.345 Million as compared to operating loss of Rs. 4.964 Million in the previous period. The average monthly production has decreased to 323 tons against 403 tons in the corresponding period last year.

### Tile Division

The average monthly production of the Tile Division increased to 327,707 Sq. Meters as compared to 259,787 Sq. Meter in the previous period. Similarly the net sales increased from Rs. 557.008 Million to Rs. 751.435 Million and the operating profit of the division increased to Rs. 90.083 Million as compared to operating profit of Rs. 53.534 Million in the corresponding period last year.

Keeping in view the present orders in hand in the Insulator Division as well as the introduction of the new larger size of Tile, the Management anticipates that barring any unforeseen circumstances your Company will Insha Allah be able to show a profit in this current financial year.

The directors are thankful to our valued customers, dealers, financial institutions and other stakeholders for their continued trust. The hard work of all employees is recognized and appreciated.

On behalf of board

Lahore  
February 29, 2012

**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, 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity 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. 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, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

### 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, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

### Emphasis of matter paragraph

We draw attention to note 2.1 to the financial statements which states that the company's ability to continue as a going concern is based on the grounds that the company will be able to achieve satisfactory level of profitability in the future and continued support from sponsors. Management's plan in regard to this matter has been discussed in note 2.1 to the financial statements. Our opinion is not qualified in respect of this matter.

Chartered Accountants

Lahore,

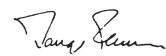
Name of engagement partner: Muhammad Masood

## *CONDENSED INTERIM BALANCE SHEET*

	Note	Unaudited December 31, 2011 Rupees	Audited June 30, 2011 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized capital 40,000,000 (June 2011: 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 2011: 35,000,000) ordinary shares of Rs 10 each		350,000,000	350,000,000
Reserves		129,898,526	129,898,526
Accumulated loss		(405,471,030)	(443,905,070)
		74,427,496	35,993,456
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		422,769,276	432,819,298
<b>NON-CURRENT LIABILITIES</b>			
Long term loans from directors - unsecured		114,071,523	114,071,000
Long term finaces	6	266,351,564	305,803,494
Liabilities against assets subject to finance lease		7,478,898	10,106,072
Deferred liabilities		30,480,839	29,398,564
Deferred taxation		40,082,069	34,976,137
		458,464,893	494,355,267
<b>CURRENT LIABILITIES</b>			
Current portion of			
- Long term finaces	6	158,416,191	152,418,174
- Liabilities against assets subject to finance lease		5,573,537	5,227,113
Short term borrowings from related parties - unsecured		155,674,117	94,372,071
Finances under mark up arrangements - secured		562,008,802	530,638,629
Trade and other payables		306,910,231	280,900,471
Accrued mark-up on loans and other payables		77,252,604	55,378,306
		1,265,835,482	1,118,934,764
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
		2,221,497,147	2,082,102,785

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

Lahore  
February 29, 2012

  
(Tariq Rehman)  
Chief Executive

*(UN-AUDITED) AS AT DECEMBER 31, 2011*

ASSETS	Note	Unaudited December 31, 2011 Rupees	Audited June 30, 2011 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,120,517,933	1,154,811,742
Assets subject to finance lease		17,184,585	18,690,158
Intangible assets		4,503,264	4,740,278
Long term deposits		4,367,093	4,367,093
Long term loans		3,266,975	3,781,785
		1,149,839,850	1,186,391,056
CURRENT ASSETS			
Stores, spares and loose tools		115,602,880	112,786,646
Stock-in-trade		484,828,811	427,750,003
Trade debts		331,231,780	197,174,634
Loans, advances, deposits, prepayments and other receivables		33,546,613	43,212,046
Taxation - net		57,317,392	44,750,879
Cash and bank balances		49,129,821	70,037,521
		1,071,657,297	895,711,729
		2,221,497,147	2,082,102,785



(Haris Noorani)  
Director


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

FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	Notes	October to December		July to December	
		December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
		Rupees	Rupees	Rupees	Rupees
Sales		497,371,423	405,909,016	1,019,516,168	915,004,068
Cost of goods sold	10	(391,855,056)	(361,513,655)	(776,728,273)	(766,738,858)
Gross profit		105,516,367	44,395,361	242,787,895	148,265,210
Administration expenses		(18,123,954)	(15,081,648)	(35,657,271)	(32,063,443)
Distribution and selling costs		(38,058,603)	(32,771,772)	(81,703,322)	(67,558,587)
Other operating expenses		(2,785,594)	(6,057,463)	(5,214,899)	(6,573,857)
		(58,968,151)	(53,910,883)	(122,575,492)	(106,195,887)
Other operating income		46,548,216	(9,515,522)	120,212,403	42,069,323
		2,332,594	2,166,549	2,769,136	3,133,416
Profit / (Loss) from operations		48,880,810	(7,348,973)	122,981,539	45,202,739
Finance cost		(39,705,868)	(47,638,094)	(81,724,233)	(90,378,324)
Profit / (Loss) before taxation		9,174,942	(54,987,067)	41,257,306	(45,175,585)
Taxation		(7,651,841)	6,075,237	(12,873,288)	3,529,763
Profit / (Loss) after taxation		1,523,101	(48,911,830)	28,384,018	(41,645,822)
Profit / (Loss) per share					
- Basic and diluted		0.04	(1.40)	0.81	(1.19)

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

Lahore  
February 29, 2012

  
(Tariq Rehman)  
Chief Executive

  
(Haris Noorani)  
Director


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

FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	Quarter ended		Half year ended	
	December 31, 2011 Rupees	December 31, 2010 Rupees	December 31, 2011 Rupees	December 31, 2010 Rupees
Profit / (Loss) after taxation	1,523,101	(48,911,830)	28,384,018	(41,645,822)
Other comprehensive income for the period	-	-	-	-
Total comprehensive profit / (loss) for the period	1,523,101	(48,911,830)	28,384,018	(41,645,822)

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

Lahore  
February 29, 2012

  
(Tariq Rehman)  
Chief Executive

  
(Haris Noorani)  
Director




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

FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	Notes	Half year ended	
		December 31, 2011 Rupees	December 31, 2010 Rupees
<b>Cash flow from operating activities</b>			
Cash generated from operations	11	20,670,253	49,575,306
Finance cost paid		(59,849,935)	(81,262,256)
Taxes paid		(20,333,869)	(11,496,241)
Gratuity paid		(3,286,532)	(6,538,893)
<b>Net cash used in operating activities</b>		<b>(62,800,083)</b>	<b>(49,722,084)</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(17,013,496)	(4,814,342)
Net increase in long term loans and other receivables		514,810	896,409
Net increase in long term deposits		-	(60,000)
Proceeds from disposal of property, plant and equipment		1,251,989	-
<b>Net cash used in investing activities</b>		<b>(15,246,697)</b>	<b>(3,977,933)</b>
<b>Cash flow from financing activities</b>			
Repayment of long term finances		(33,453,913)	(34,597,342)
Proceeds from long term loans from directors		523	-
Proceeds from short term loans - net		61,302,046	64,748,756
Lease rentals paid		(2,079,749)	(2,550,517)
<b>Net cash from financing activities</b>		<b>25,768,909</b>	<b>27,600,897</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(52,277,873)</b>	<b>(26,099,120)</b>
Cash and cash equivalents at the beginning of the period		(460,601,108)	(510,954,802)
Cash and cash equivalents at the end of the period	12	(512,878,981)	(537,053,922)

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

Lahore  
February 29, 2012

  
(Tariq Rehman)  
Chief Executive

  
(Haris Noorani)  
Director

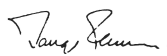
**CONDENSED INTERIM STATEMENT OF  
CHANGES IN EQUITY (UN-AUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2011

	Share Capital Rupees	Share Premium Rupees	General Reserve Rupees	Accumulated Loss Rupees	Total Rupees
Balance as on June 30, 2010 (audited)	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	-	-	-	9,254,543	9,254,543
Balance as on December 31, 2010 (un-audited)	350,000,000	39,898,526	90,000,000	(448,657,851)	31,240,675
Balance as on June 30, 2011 (audited)	350,000,000	39,898,526	90,000,000	(443,905,070)	35,993,456
Total comprehensive profit for the period	-	-	-	28,384,018	28,384,018
Transfer from surplus on revaluation of property, plant and equipment net of deferred taxation: - Incremental depreciation	-	-	-	10,050,022	10,050,022
Balance as on December 31, 2011 (un-audited)	350,000,000	39,898,526	90,000,000	(405,471,030)	74,427,496

The annexed notes 1 to 15 form an integral part of the condensed interim financial information.

Lahore  
February 29, 2012

  
(Tariq Rehman)  
Chief Executive

  
(Haris Noorani)  
Director

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2011

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 is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2011 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, 2011.

  - 2.1 The company has incurred a profit after taxation of Rs 28.384 million during the six months ended December 31, 2011 while the accumulated loss stands at Rs 405.471 million as at December 31, 2011. Current liabilities exceed current assets by Rs 194.178 million. 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 including 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**
  - 3.1 The accounting policies and the methods of computation adopted in 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, 2011.
  - 3.2 Initial application of standards, amendments or an interpretation to existing standards New and amended standards, and interpretations mandatory for the first time for the financial year beginning on or after July 01, 2011 that are either not relevant to the company's current operations (although they may affect the accounting for future transactions and events) or are not expected to have significant impact on the company's financial statements other than certain additional disclosures:
    - IAS 24 (revised), 'Related Party Disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.
    - Prepayments of a minimum funding requirement' (Amendments to IFRIC 14). 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 recognize 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 should be applied retrospectively to the earliest comparative period presented.

- Amendments to IFRS 7, 'Financial Instruments: Disclosures' on derecognition is effective from July 1, 2011. These amendments are part of the IASBs comprehensive review of off balance sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

- IAS 1 (amendments), clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

- IAS 34, 'Interim Financial Reporting' (Amendment). Greater emphasis has been placed on the disclosure principles in IAS 34 involving significant events and transactions, including changes to fair value measurements, and the need to update relevant information from the most recent annual report.

### 3.2.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after January 1, 2012 or later periods, but the company has not early adopted them. They are not expected to have any significant impact on the company's financial statements.

Standards or Interpretations	Effective date (accounting periods beginning on or after)
IFRS 9 - Financial Instruments	January 01, 2013
IFRS 10 - Consolidated Financial Statements	January 01, 2013
IFRS 11 - Joint Arrangements	January 01, 2013
IFRS 12 - Disclosures of Interests in Other Entities	January 01, 2013
IFRS 13 - Fair Value Measurement	January 01, 2013
IAS 19 - Employee Benefits (Amendment)	January 01, 2013
IAS 1 - Financial statement presentation (Amendment)	July 01, 2012
IAS 12 - Income Taxes (Amendment)	January 01, 2012

4. The preparation of the condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgements made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2011.

### 5. Financial risk management

#### 5.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at June 30, 2011.

There have been no changes in the risk management department since year end or in any risk management policies.

#### 5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

#### 5.3 Fair value estimation

The carrying amount of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

	Note	December 31, 2011 Rupees	June 30, 2011 Rupees
6. Long term loans and liabilities			
Opening balance		458,221,668	469,984,546
Add: Disbursement during the period/year		-	66,911,146
Less: Repayments during the period/year		33,453,913	78,674,024
		424,767,755	458,221,668
Less: Current portion shown under current liabilities		158,416,191	152,418,174
		266,351,564	305,803,494
6.1		The aggregate current portion includes over-due installments of principal aggregating to Rs 52.037 million (June 30, 2011: Rs 26.471 million) and Rs 1,105.669 million.	
7. Contingencies and commitments			
7.1 Contingencies			
		There has been no material change in contingencies since last audited annual financial statements.	
7.2 Commitments in respect of			
(i) Letters of credit other than for capital expenditure amounting to Rs 46.733 million (June 2011: Rs 34.671 million).			
(ii) Guarantees issued amounting to Rs 126.451 million (June 2011: Rs 138.240 million) against the performance of various contracts.			
		Unaudited December 31, 2011 Rupees	Audited June 30, 2011 Rupees
8. Property, plant and equipment			
Opening written down value		1,154,811,742	1,209,669,614
Add: Additions during the period	8.1	17,013,496	37,768,980
Transfers in during the period		415,507	9,148,412
		1,172,240,745	1,256,587,006
Less: Disposals during the period (at written down value)		1,102,256	1,478,882
Depreciation charged during the period		50,620,556	100,296,382
		51,722,812	101,775,264
		1,120,517,933	1,154,811,742
8.1 Additions during the period			
Building on freehold land		1,950,000	3,080,000
Plant and machinery		12,890,066	31,780,318
Tools and equipment		-	30,000
Office equipment		129,430	1,301,974
Furniture and fixtures		6,000	47,688
Vehicles		2,038,000	1,529,000
		17,013,496	37,768,980

9. Segment Information

	Insulator				Tiles				Total			
	Quarter ended		Half Year Ended		Quarter ended		Half Year Ended		Quarter ended		Half Year Ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Segment revenue - external	124,555,323	160,305,511	268,080,768	357,996,503	372,816,099	245,603,505	751,433,399	557,007,565	497,371,423	405,909,016	1,019,516,168	915,004,068
Segment result from operations	15,189,567	(22,555,821)	34,224,097	(10,212,796)	30,945,859	15,657,120	88,004,822	55,415,535	46,135,426	(6,898,501)	122,228,919	45,202,739
			December 31, 2011	June 30, 2011	December 31, 2011	December 31, 2011	June 30, 2011	December 31, 2011	December 31, 2011	December 31, 2011	June 30, 2011	December 31, 2011
9.1 Inter segment pricing There are no inter segment sales.			955,637,433	742,332,084	1,113,728,557	1,168,881,099					2,069,365,990	1,911,213,183
9.2 Segment assets Segment assets Unallocated assets			153,455,116	140,450,236	153,455,116	140,450,236					1,417,390,144	1,332,389,560
											1,724,300,375	1,613,290,031
9.3 Segment liabilities Segment liabilities Unallocated liabilities											2,221,497,147	2,082,102,785
											306,910,231	280,900,471
											1,417,390,144	1,332,389,560
9.4 Other segment information Capital expenditure	3,110,908	6,397,671	4,769,040	6,916,695	4,753,095	5,721,718	12,244,456	5,992,369	7,864,003	12,119,389	17,013,496	12,909,064
	8,840,003	7,627,948	15,824,032	15,184,122	16,706,458	17,455,307	34,796,524	33,104,248	25,546,461	25,083,255	50,620,556	48,283,369
Depreciation of owned assets	9,851	(94,265)	113,824	309,993	413,253	499,976	976,241	1,122,714	423,104	405,711	1,090,064	1,432,707
Depreciation of leased assets							25,969,565	25,488,966	51,710,620	49,721,076		

	Quarter ended		Half year ended	
	December 31, 2011 Rupees	December 31, 2010 Rupees	December 31, 2011 Rupees	December 31, 2010 Rupees
10. Cost of goods sold				
Raw and packing materials consumed	155,630,435	138,894,278	333,608,255	316,915,088
Stores and spares consumed	17,725,776	15,923,077	39,408,010	42,748,798
Salaries, wages and benefits	63,789,707	61,603,474	131,562,567	132,812,201
Power and gas	116,055,657	83,252,981	237,618,386	181,089,930
Depreciation on owned assets	25,021,279	24,485,375	49,597,843	47,199,538
Depreciation on leased assets	318,365	40,171	647,758	658,544
Vehicle maintenance	300,720	179,210	300,720	284,329
Repairs and maintenance	5,248,838	1,671,201	5,248,838	4,165,278
Insurance	926,473	935,699	1,804,804	1,843,648
Communication and stationery	624,914	458,546	1,217,556	1,038,893
Rent, rates and taxes	4,976,078	3,520,689	9,542,808	8,181,664
Travelling and conveyance	1,257,444	1,250,398	3,233,482	2,805,075
Provision for obsolete stock	2,260,888	1,078,699	2,260,888	1,078,699
Others	584,146	1,927,884	7,365,400	5,830,861
	394,720,720	335,221,682	823,417,315	746,652,545
Add: Opening work in process	31,524,400	41,131,760	28,837,020	37,514,097
	426,245,120	376,353,442	852,254,335	784,166,642
Less: Closing work in process	24,194,994	42,021,021	24,194,994	42,021,021
Cost of goods produced	402,050,126	334,332,421	828,059,341	742,145,620
Add: Opening stock of finished goods	301,761,398	178,834,102	260,625,400	176,219,756
	703,811,524	513,166,523	1,088,684,741	918,365,376
Less: Closing stock of finished goods	311,956,468	151,626,518	311,956,468	151,626,518
Cost of goods sold - own manufactured	391,855,056	361,540,005	776,728,273	766,738,858
Cost of goods sold - purchased for resale	-	(26,350)	-	-
	391,855,056	361,513,655	776,728,273	766,738,858

		Half year ended	
		December 31, 2011 Rupees	December 31, 2010 Rupees
11.	Cash generated from operations		
	Profit/(Loss) before taxation	41,257,306	(45,175,585)
	Adjustments for:		
	Depreciation on property, plant and equipment	50,620,554	48,288,371
	Depreciation on leased assets	1,090,064	1,406,519
	Amortization of intangibles	237,014	150,538
	Provision for gratuity	4,368,807	5,732,962
	Provision for doubtful receivables	1,612,598	-
	Provision for obsolete stocks	2,260,888	1,078,699
	Provision for discount	-	13,063,937
	Gain on disposal of property, plant and equipment	(149,732)	-
	Financial charges	81,724,233	90,378,324
		141,764,428	160,099,350
	Profit before working capital changes	183,021,734	114,923,765
	Effect on cash flow due to working capital changes:		
	- Increase in stores and spares	(2,816,234)	(3,640,113)
	- Decrease/ (increase) in stock-in-trade	(59,339,696)	20,524,195
	- Increase in trade debts	(135,669,744)	(34,419,361)
	- Increase/ (decrease) in loans, advances, deposits, prepayments and other receivables	9,464,433	(6,723,804)
	- Increase/ (decrease) in creditors, accrued and other liabilities	26,009,760	(41,089,375)
		(162,351,481)	(65,348,459)
		20,670,253	49,575,306
12.	Cash and cash equivalents		
	Cash and bank balances	49,129,821	8,387,239
	Finances under mark-up arrangements - secured	(562,008,802)	(545,441,161)
		(512,878,981)	(537,053,922)
13.	Transactions with related parties		
	Relationship with the company	December 31, 2011 Rupees	December 31, 2010 Rupees
	i. Associated undertakings		
	Mark-up on long term finances	395,129	395,132
	Purchase of goods and services	883,954	-
	ii. Directors and close relatives thereof		
	Short term borrowings obtained	76,299,116	78,900,000
	Short term borrowings repaid	15,097,070	14,151,244
	Sales of goods	1,485	-
	Rent paid	3,000,000	3,000,000
	iii. Post employment benefit plans		
	Expense charged in respect of retirement benefit plans	13,568,807	7,368,530
	Mark up on long term loan	16,119,878	15,772,267
	iv. Key management personnel		
	Salaries and other employee benefits	30,117,054	28,912,029
	Short term borrowings obtained	885,000	-
	Short term borrowings repaid	785,000	-
	iv. Undertaking in which close family members of a director are holding directorship		
	Sale of goods	136,322	244,355



	December 31, 2011 Rupees	June 30, 2011 Rupees
Balances due to:		
- Associated Companies	<u>276,467,343</u>	<u>262,223,666</u>

14. Date of authorization for issue  
These financial statements were authorised for issue on February 29, 2012 by the Board of Directors of the company.

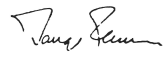
15. Corresponding figures  
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements 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
Long term security deposits' previously netted off from 'Liabilities against assets subject to finance lease', now reclassified under Liabilities against assets subject to finance lease.	2,806,915

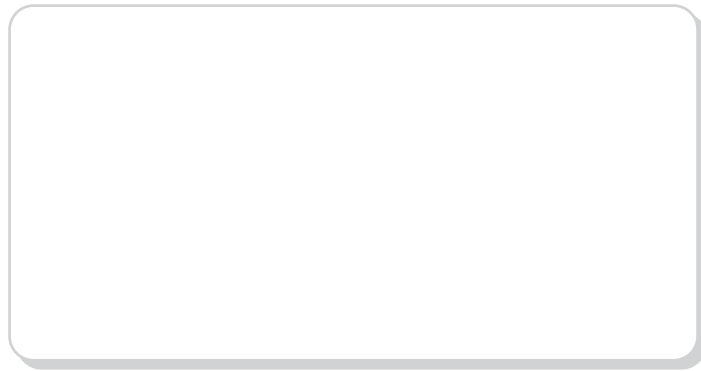
The above figures have been re-arranged as the reclassification made is considered more appropriate for the purposes of presentation.

Lahore  
February 29, 2012

  
(Tariq Rehman)  
Chief Executive

  
(Haris Noorani)  
Director

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