

Selected Notes to the Condensed Interim Financial Information for the period of nine months ended December 31, 2009 (Un-audited)

- This condensed interim financial information is un-audited and is being submitted to the shareholders, as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges.
- The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended March 31, 2009.
- The following amendments to standards are mandatory for the first time for the financial year beginning April 1, 2009.
 - IAS 1 (Revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income).
The company has preferred to present two statements; a profit and loss account and a statement of comprehensive income. The interim financial information has been prepared under revised disclosure requirements.
 - IFRS 7 'Financial Instruments' : It requires disclosures about the significance of financial instruments for the company's financial position and performance, as well as quantitative and qualitative disclosure on the nature and extent to risks, however, it will not have any impact on the classification and valuation of the company's financial instruments.
The company will consider the requirements of IFRS 7 in the annual financial statements.
 - In addition to above, following new standards and amendments to standards are mandatory for the first time for the financial year beginning April 1, 2009 and are also relevant to the company. 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 36 (Amendment) - Impairment of assets
 - IAS 39 (Amendment) - Financial instruments : Recognition and measurement
- This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting".

	December 31, 2009	March 31, 2009
	(Rupees in thousand)	
4. Long-term finances - secured		
Opening balance	1,500,000	500,000
Disbursements during the period	500,000	1,000,000
	2,000,000	1,500,000
Current portion shown under current liabilities	(1,500,000)	-
	500,000	1,500,000

5. Contingencies and commitments

Contingencies


There is no significant change in contingencies from the preceding annual published financial statements of the company for the year ended March 31, 2009.

Commitments in respect of

Letters of credit and purchase commitments other than capital expenditure Rs 369.13 million (March 31, 2009 : Rs 231.54 million)

	October - December		April - December	
	2009	2008	2009	2008
	(Rupees in thousand)		(Rupees in thousand)	
8. Cost of sales				
Raw material consumed	3,394,851	2,713,405	9,171,533	9,131,405
Stores and spares consumed	15,456	11,010	29,858	31,724
Salaries, wages and benefits	51,499	61,629	174,043	173,331
Fuel and power	11,140	11,409	33,715	37,550
Insurance	9,422	6,756	26,966	19,536
Traveling and vehicle running	10,298	16,655	29,124	48,677
Freight and handling	4,321	4,541	11,703	13,028
Repairs and maintenance	1,653	2,172	3,745	6,246
Technical assistance	1,639	4,894	7,058	10,138
Depreciation on property, plant and equipment	180,201	99,461	540,119	302,794
Amortization on intangible assets	17,716	7,061	53,079	21,428
Royalty	65,412	50,477	218,683	196,959
Other expenses	2,217	3,145	6,476	9,290
	<u>3,765,825</u>	<u>2,992,615</u>	<u>10,306,102</u>	<u>10,002,106</u>
Opening stock of work-in-process	195,841	188,016	248,184	188,496
Closing stock of work-in-process	(216,671)	(283,868)	(216,671)	(283,868)
	<u>(20,830)</u>	<u>(95,852)</u>	<u>31,513</u>	<u>(95,372)</u>
Cost of goods manufactured	3,744,995	2,896,763	10,337,615	9,906,734
Own work capitalized	-	-	-	(3,889)
Cost of damaged cars	(1,065)	-	(1,065)	(6,816)
	<u>3,743,930</u>	<u>2,896,763</u>	<u>10,336,550</u>	<u>9,896,029</u>
Opening stock of finished goods	505,045	916,614	1,065,836	400,312
Closing stock of finished goods	(1,217,435)	(1,454,128)	(1,217,435)	(1,454,128)
	<u>(712,390)</u>	<u>(537,514)</u>	<u>(151,599)</u>	<u>(1,053,816)</u>
	<u>3,031,540</u>	<u>2,359,249</u>	<u>10,184,951</u>	<u>8,842,213</u>
Cost of sales - Trading goods	198,489	222,440	535,028	776,218
	<u>3,230,029</u>	<u>2,581,689</u>	<u>10,719,979</u>	<u>9,618,431</u>
			April - December	
			2009	2008
			(Rupees in thousand)	
9. Transactions with associated companies / related parties				
Sale of goods			41,274	23,950
Sale of property, plant and equipment			-	87,076
Purchase of goods			6,073,416	5,972,476
Purchase of property, plant and equipment			1,424	1,484,086
Insurance premium			105,566	100,148
Technical assistance fee			5,054	48,527
Royalty			198,111	181,623
Profit on bank deposits			-	616
Mark-up on finances			-	1,020
			December 31,	March 31,
			2009	2009
			(Rupees in thousand)	
Period end balances are as follows:				
Receivable from related parties			13,952	32,180
Payable to related parties			2,737,965	567,212

	Note	April - December	
		2009	2008
(Rupees in thousand)			
10. Cash generated from operations			
Loss before taxation		(831,368)	(237,861)
Adjustment for:			
-Depreciation on property, plant and equipment		567,017	324,713
-Profit on disposal of property, plant and equipment		(8,224)	(14,092)
-Assets written off		2,179	349
-Profit on bank deposits		(366)	(38,751)
-Interest on loans to employees and advances to suppliers		(3,367)	(2,817)
-Finance cost		374,313	109,545
-Provision for employees retirement benefits and other obligations		22,082	18,821
-Amortization on intangible assets		53,229	21,642
-Royalty		198,801	182,312
-Workers' welfare fund		1,079	-
-Working capital changes	10.1	935,665	(1,796,732)
		<u>1,311,040</u>	<u>(1,432,871)</u>
10.1 Working capital changes			
(Increase) / decrease in current assets			
-Stores and spares		(11,651)	447
-Stock-in-trade		(398,671)	(1,802,692)
-Advances, prepayments and other receivables		(27,889)	(170,243)
Increase in current liabilities			
-Trade and other payables		1,373,876	175,756
		<u>935,665</u>	<u>(1,796,732)</u>
11. Cash and cash equivalents			
Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:			
Cash and bank balances		17,944	10,266
Short term borrowings - secured		(1,413,745)	(2,275,515)
		<u>(1,395,801)</u>	<u>(2,265,249)</u>
12. Corresponding figures			
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.			


Yusuf H. Shirazi
Chairman


Atsushi Yamazaki
Chief Executive