

SAZGAR ENGINEERING WORKS LIMITED
NOTES TO THE CONDENSED ACCOUNTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2008

1- LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan on September 21, 1991 as a Private Limited Company under the Companies Ordinance, 1984 and converted into a Public Limited Company on November 21, 1994. The Company is listed on all the Stock Exchanges of Pakistan. The Company is engaged in the manufacture and sale of automobiles, automotive parts and household electric appliances.

2- STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the annual preceding published accounts of the Company for the year ended June 30, 2008.

3- BASIS OF PREPARATION

These financial statements are un-audited but subject to limited scope review by the auditors as required by the Code of Corporate Governance and have been prepared in accordance with the requirements of International Accounting Standard, IAS-34 "Interim Financial Reporting" and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

4- ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

Dec 31, 2008 Number	June 30, 2008 Number	Note	Dec 31, 2008 Rupees	June 30, 2008 Rupees
7,163,000	7,163,000	Ordinary shares of Rupees 10 each fully paid up in cash.	71,630,000	71,630,000
3,237,676	1,504,230	Ordinary shares of Rupees 10 each allotted as bonus shares	32,376,760	15,042,300
<u>10,400,676</u>	<u>8,667,230</u>		<u>104,006,760</u>	<u>86,672,300</u>

5- CONTINGENCIES AND COMMITMENTS

Contingencies

There is no significant change in the contingent liabilities of the company since the last annual balance sheet date.

Commitments

Confirmed letters of credit for:

Other than capital expenditure	9,377,960	11,877,821
	<u>9,377,960</u>	<u>11,877,821</u>

6- PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets-Tangible	6.1	218,175,054	185,395,421
Capital work in progress		9,127,742	19,547,881
Advance for purchase of land		-	5,000,000
		<u>227,302,796</u>	<u>209,943,302</u>

SAZGAR ENGINEERING WORKS LIMITED
NOTES TO THE CONDENSED ACCOUNTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2008

	Dec 31, 2008 Rupees	June 30, 2008 Rupees	
6.1- OPERATING FIXED ASSETS-TANGIBLE			
Opening book value	185,395,421	108,883,983	
Add: Additions during the period:			
- Land	21,609,700	46,928,750	
- Building	-	10,933,804	
- Plant and machinery	18,700,632	17,625,838	
- Electric fittings	177,882	2,212,687	
- Furniture and fixture	183,900	421,310	
- Office equipments	38,000	469,717	
- Electric installations	73,420	480,868	
- Vehicles	-	10,334,734	
	40,783,534	89,407,708	
	226,178,955	198,291,692	
Less: depreciation charged during the period	7,480,790	12,404,480	
deletions during the period (WDV)	523,111	491,791	
	8,003,901	12,896,271	
Closing book value	218,175,054	185,395,421	
 7- INTANGIBLE ASSETS			
Opening book value	1,724,401	2,346,539	
Less: amortization charged during the period	312,099	622,138	
Closing book value	1,412,302	1,724,401	
 8- SALES - NET			
	Oct-Dec 2008 Rupees	Oct-Dec 2007 Rupees	Jul-Dec 2008 Rupees
Gross sales	184,005,151	456,447,189	407,373,081
Less: Sales tax	25,380,017	59,536,591	56,101,275
Sales returns	8,199,763	1,616,072	11,190,537
	33,579,780	61,152,663	67,291,812
	150,425,371	395,294,526	340,081,269
Less: Commission	1,654,755	28,812,436	4,653,904
Net Sales	148,770,616	366,482,090	335,427,365
	Jul-Dec 2007 Rupees		678,161,658
			44,282,180
			633,879,478

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NOTES TO THE CONDENSED ACCOUNTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2008

	Oct-Dec 2008 Rupees	Oct-Dec 2007 Rupees	Jul-Dec 2008 Rupees	Jul-Dec 2007 Rupees
9- COST OF SALES				
Raw materials & components consumed	126,509,172	239,297,499	268,814,628	408,248,461
Salaries, wages & other benefits	17,940,753	19,403,919	38,333,649	35,067,111
Stores, spares & loose tools consumed	2,735,838	2,917,245	5,574,474	5,545,317
Power & fuel charges	5,017,298	5,207,441	10,641,486	11,070,935
Repair & maintenance	5,755,991	2,619,887	10,837,782	7,752,222
Other expenses	823,407	1,158,695	2,369,239	2,570,908
Depreciation & Amortization	3,268,412	2,297,085	6,219,035	4,577,258
	<u>162,050,871</u>	<u>272,901,771</u>	<u>342,790,292</u>	<u>474,832,212</u>
Opening work-in-process	23,596,560	19,370,221	16,247,744	26,663,717
Closing work-in-process	<u>(21,809,698)</u>	<u>(11,722,732)</u>	<u>(21,809,698)</u>	<u>(11,722,732)</u>
Cost of goods manufactured	163,837,733	280,549,260	337,228,338	489,773,197
Opening finished goods	20,343,187	10,648,462	8,035,421	14,311,987
Cost of finished goods purchased during the period	9,579,580	-	9,579,580	2,655,700
Closing finished goods	<u>(55,711,741)</u>	<u>(3,975,769)</u>	<u>(55,711,741)</u>	<u>(3,975,769)</u>
	<u><u>138,048,759</u></u>	<u><u>287,221,953</u></u>	<u><u>299,131,598</u></u>	<u><u>502,765,115</u></u>

10- OTHER OPERATING INCOME

This includes a sum of Rs. 279,247 and Rs. 88,271 on account of reversal of provisions of WPPF and WWF made in first quarterly accounts for the period ended September 30, 2008. The reversal has been made in 2nd quarter due to occurrence of operating loss.

11- TAXATION

Current

For the period	(1,525,161)	18,870,605	-	30,891,645
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Deferred

For the period	3,678,869	806,821	4,114,375	962,196
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	<u>2,153,708</u>	<u>19,677,426</u>	<u>4,114,375</u>	<u>31,853,841</u>
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FOR THE HALF YEAR ENDED DECEMBER 31, 2008

12- EARNINGS/(LOSS) PER SHARE		Oct-Dec 2008	Oct-Dec 2007	Jul-Dec 2008	Jul-Dec 2007
Basic earnings/(loss) per share					
Net profit/(loss) for the period attributable to ordinary share holders	Rupees	(7,908,303)	36,277,678	(4,371,997)	59,624,080
Number of ordinary shares outstanding at the end of the period - Note 12.1	Number	10,400,676	10,400,676	10,400,676	10,400,676
Earnings/(loss) per share	Rupees	(0.76)	3.49	(0.42)	5.73

12.1- Number of ordinary shares outstanding at the close of corresponding periods presented have been increased to reflect the bonus shares issued during the current period ended December 31, 2008.

Diluted earnings/(loss) per share

There is no dilution effect on the basic earnings/(loss) per share of the company as the company has no such commitments.

13- SEGMENT RESULTS	Oct-Dec 2008	Oct-Dec 2007	Jul-Dec 2008	Jul-Dec 2007
	Rupees	Rupees	Rupees	Rupees
Segment Revenue(Net)				
Home appliances	3,040,857	2,875,942	3,200,104	4,762,051
Auto parts	67,489,898	47,863,576	163,292,220	117,795,579
Auto rickshaw	78,239,861	315,742,572	168,935,041	511,321,848
Total	<u>148,770,616</u>	<u>366,482,090</u>	<u>335,427,365</u>	<u>633,879,478</u>
Segment operating results				
Home appliances	358,249	314,287	253,231	282,434
Auto parts	7,709,503	3,736,995	24,194,701	9,773,958
Auto rickshaw	(9,874,034)	59,149,675	(16,105,886)	93,425,915
Total	<u>(1,806,281)</u>	<u>63,200,957</u>	<u>8,342,047</u>	<u>103,482,306</u>

14- GENERAL

14.1-The Board of Directors of the Company has authorized these financial statements for issue on February 26, 2009.

14.2-The figures have been rounded off to the nearest Rupee.


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR