

**SAZGAR ENGINEERING WORKS LIMITED**  
**NOTES TO THE CONDENSED ACCOUNTS (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2009**

**1- 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, 2009 except that the Company has first time applied the IAS-1 Revised - "Presentation of Financial Statement" while preparing these financial statements as the same has become mandatory for the Company's financial year beginning July 01, 2009. The Company has chosen the option to maintain the existing titles.

**2- BASIS OF PREPARATION**

These financial statements are un-audited 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.

**3- ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

Sep. 30 2009 Number	June 30, 2009 Number		Sep. 30 2009 Rupees	June 30, 2009 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	3,237,676	Ordinary shares of Rupees 10/- each allotted as bonus shares	32,376,760	32,376,760
<u>10,400,676</u>	<u>10,400,676</u>		<u>104,006,760</u>	<u>104,006,760</u>

**4- CONTINGENCIES AND COMMITMENTS**

**Contingencies**

There is no significant change in the contingent liabilities of the Company since the last annual balance sheet date, except the following

The proceedings of Income tax audit of the Company under section 174 of the Income Tax Ordinance 2001 has been completed and the income tax department has made a tax demand of Rs. 24.271M. The Company is in the process of filing of appeal against this order and expect a favourable outcome of the appeal up to the extent of Rs. 16.271M whereas for the remaining amount of Rs. 8.00M Company has sufficient existing tax provision to discharge this liability. Therefore no further provision for the tax demand has been made in these accounts.

**Commitments**

Confirmed letters of credit for:

Other than capital expenditure	<u>68,924,551</u>	<u>56,310,139</u>
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	Note	Sep 30, 2009 Rupees	Sep 30, 2008 Rupees
<b>5- TRANSACTIONS WITH RELATED PARTIES</b>			
Key management personnels-			
Salaries and employees benefits		<u>5,234,825</u>	<u>4,826,350</u>
		Sep 30, 2009 Rupees	June 30, 2009 Rupees
<b>6- PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets-Tangible	6.1	218,882,248	218,278,804
Capital work in progress		5,161,118	4,554,879
Advance for purchase of land		5,075,000	-
		<u>229,118,366</u>	<u>222,833,683</u>
<b>6.1- OPERATING FIXED ASSETS-TANGIBLE</b>			
Opening book value		218,278,804	185,395,421
Add: additions during the period		<u>4,508,349</u>	<u>49,075,840</u>
		222,787,153	234,471,261
Less: depreciation charged during the period		<u>3,904,905</u>	<u>15,669,349</u>
deletions during the period		-	523,108
		<u>3,904,905</u>	<u>16,192,457</u>
Closing book value		<u>218,882,248</u>	<u>218,278,804</u>
<b>7. INTANGIBLE ASSETS</b>			
Opening book value		1,105,471	1,724,401
Add: additions during the period		-	-
		<u>1,105,471</u>	<u>1,724,401</u>
Less: amortization charged during the period		<u>155,958</u>	<u>618,930</u>
Closing book value		<u>949,513</u>	<u>1,105,471</u>
<b>8. SALES - NET</b>		Jul-Sep 2009 Rupees	Jul-Sep 2008 Rupees
Gross sales		451,993,538	223,367,930
Less: Sales tax		<u>64,966,087</u>	<u>30,721,258</u>
Commission		<u>5,876,328</u>	<u>2,999,149</u>
Sales returns		<u>4,485,733</u>	<u>2,990,774</u>
		<u>75,328,148</u>	<u>36,711,181</u>
		<u>376,665,390</u>	<u>186,656,749</u>

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	Jul-Sep 2009 Rupees	Jul-Sep 2008 Rupees
<b>9. TAXATION</b>		
<b>Current</b>		
For the period	8,902,687	1,525,161
<b>Deferred</b>		
For the period	700,478	435,506
	9,603,165	1,960,667

**10. EARNINGS PER SHARE-BASIC & DILUTED**

Basic Earnings Per Share:

Net profit for the period attributable to ordinary share holders	<b>Rupees</b>	16,339,529	3,536,306
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Number of ordinary shares outstanding at the end of the period -Note 10.1	<b>Numbers</b>	10,400,676	10,400,676
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Earnings Per Share	<b>Rupees</b>	1.57	0.34
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**10.1** While calculating the earnings per share, number of ordinary shares outstanding at the close of corresponding period has been increased to reflect the effect of bonus shares issued in compliance with the requirements of IAS-33 "Earnings per share".

**11. SEGMENT RESULTS**

**Segment Revenue - Net**

Home Appliances	2,815,711	159,247
Auto Parts	95,043,571	95,802,322
Auto Rickshaw	278,806,108	90,695,180
<b>Total</b>	376,665,390	186,656,749

**Segment Operating Results**

Home Appliances	512,583	(105,018)
Auto Parts	12,189,174	16,485,198
Auto Rickshaw	17,219,282	(6,231,852)
<b>Total</b>	29,921,039	10,148,328

**12. GENERAL**

**12.1** - The Board of Directors of the Company has authorized these financial statements for issue on October 29, 2009.

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

  
**MIAN ASAD HAMEED**  
 CHIEF EXECUTIVE

  
**SAEED IQBAL KHAN**  
 DIRECTOR