

**SAZGAR ENGINEERING WORKS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2011**

	Nine months to March 2011	Nine months to March 2010
	Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	120,793,079	82,931,230
Adjustment for non cash charges and other items:		
Depreciation	11,887,327	12,134,810
Amortization	558,351	464,485
Provision for gratuity	7,404,840	5,909,815
Financial and other charges	20,101,588	15,384,834
Other Income	(1,527,767)	(660,492)
	<u>38,424,339</u>	<u>33,233,452</u>
<b>Cash generated from operations before working capital changes</b>	159,217,418	116,164,683
<b>Effect on cash flow due to working capital changes</b>		
(Increase)/decrease in current assets		
Stores, spares and loose tools	(6,311,328)	(1,249,802)
Stock-in-trade	(101,103,656)	(107,819,428)
Trade debts	(3,337,351)	(13,175,076)
Loans and Advances	(193,533)	(5,048,271)
Trade deposits and short term prepayments	(7,377,329)	(8,752,570)
Other receivables	(3,334,354)	188,000
Increase in current liabilities		
Trade and other payables	70,079,856	42,777,821
Increase in long term loans and advances	(1,021,533)	(1,365,000)
	<u>(52,599,229)</u>	<u>(94,444,326)</u>
<b>Cash generated from operations</b>	106,618,189	21,720,357
Financial charges paid	(11,722,114)	(8,970,126)
Income tax paid/deducted at source	(35,947,302)	(26,168,979)
Employees retirement benefit - Gratuity	(1,212,440)	(522,660)
Workers Profit Participation Fund Paid	(4,293,968)	(1,470,565)
<b>Net cash inflow/ (outflow) from operating activities</b>	53,442,365	(15,411,973)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, Plant and Equipment	(11,271,412)	(15,324,439)
Decrease in long term security deposits	300,000	(346,466)
Sale Proceed from sale of fixed assets	300,000	912,116
Security deposits with leasing companies	(910,500)	(360,150)
<b>Net cash used in investing activities</b>	(11,581,912)	(15,118,939)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(1,800,000)	(1,800,000)
Proceeds of short term borrowings	187,772,561	93,816,080
Repayment of short term borrowings	(219,278,142)	(95,573,662)
Repayment of finance lease	(4,674,041)	(6,739,364)
Dividend paid	(12,294,970)	-
<b>Net cash outflow from financing activities</b>	(50,274,592)	(10,296,946)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(8,414,138)	(40,827,858)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	(5,511,539)	19,832,563
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>(13,925,677)</u>	<u>(20,995,295)</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.

  
**MIAN ASAD HAMEED**  
 CHIEF EXECUTIVE

  
**SAEED IQBAL KHAN**  
 DIRECTOR