



HALF YEARLY REPORT
December 31, 2011

DANDOT CEMENT COMPANY LIMITED

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Rasheed (Chairman)
Mrs. Tanveer Rasheed
Mr. Mansoor Rasheed (Chief Executive)
Mr. Saud Rasheed
Ms. Rizwana Rasheed
Mrs. Ayesha Mansoor
Mrs. Amina Saud

AUDIT COMMITTEE

Mr. Saud Rasheed (Chairman)
Mrs. Ayesha Mansoor
Mrs. Amina Saud

CHIEF FINANCIAL OFFICER

Mr. Muhammad Kamran

COMPANY SECRETARY

Mr. Muhammad Kamran

STATUTORY AUDITORS

Amin, Mudassar & Co.
Chartered Accountants

LEGAL ADVISOR

International Legal Services

BANKERS

The Bank of Punjab
KASB Bank Limited
United Bank Limited
National Bank of Pakistan
Habib Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited

REGISTERED OFFICE

30-Sher Shah Block, New Garden Town, Lahore.
Telephone: 042-35869827, 35842316, Fax: 042-35831846

FACTORY

DANDOT R.S., Distt. Jhelum.
Telephone: 0544-211371, 211491, Fax: 0544-211490

SHARE REGISTRAR

Corplink (Pvt.) Ltd.
Wings Arcade 1-K-Commerical, Model Town, Lahore.
Telephone: 042-35839182, 35887262, Fax: 042-35869037

WEBSITE

www.dandotcement.com

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Board of Directors presents the reviewed condensed interim financial statements of the company for the half year ended December 31, 2011.

Operational Performance

During the year under review the operational performance of the company has improved from last year due to the reason of resumption of operations of the company during the year which were suspended in October, 2009.

Particulars	Second Quarter ended		Half Year ended	
	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010
Clinker production	40,257	54,895	89,947	54,895
Cement production	44,865	50,650	95,837	50,650
Cement dispatch	45,394	48,881	98,742	48,881

Operating Results

The comparative financial results of the company for the period are summarized as below and all the figures are in Rupees in thousands:

Particulars	Second Quarter ended		Half Year ended	
	Dec. 2011	Dec. 2010	Dec. 2011	Dec. 2010
Net sales	239,378	189,302	499,718	189,302
Gross loss	79,039	74,455	174,169	136,429
Loss before taxation	97,578	151,146	202,900	271,702
Net loss	97,578	90,922	202,900	211,478

Future Prospects

Industry:

Reduction in excise duty and sales tax announced in the budget 2011-12 is likely to have a positive impact on the cement consumption in the country. Domestic demand is picking up with the commencement of reconstruction activities in the flood affected areas of the country. The reconstruction work is expected to last for a couple of years which would augur well for the growth in cement consumption in the near term. However, prevailing economic conditions is not encouraging due to geo-political instability, out of control inflation, deteriorating Pak Rupee valuation, power shedding, rising utility prices and liquidity crunch.

Company:

Energy efficiency, labour efficiency & productivity and right financial modeling, smooth plant operations are key factors to success of any cement plant. The management is committed for a balanced delivery of long term values to all stake holders including financiers, employees and shareholders.

Auditors' Observations

Due to the fact mentioned in note 5 of the reviewed condensed interim financial statements, current portion of the loan has not been classified in current liabilities, accordingly mark-up has also not been provided in the financial statements. Due to severe financial crunch, the company was unable to pay dues of provident fund; However, management is very much confident that the payments will be regularized in near future. Company will provide accrual of default surcharge on unpaid balance of sales tax and federal excise duty in the financial statements once the figure is finalized with the department. Letters for the balance confirmations have been sent. Further, the directors have reasonable expectations that the company would be able to generate adequate resources in future to continue as going concern.

Acknowledgement

The board of directors is thankful to all stakeholders including but not limited to bankers, employees, suppliers, distributors as well as regulators and shareholders for their continued support, cooperation and trust especially in crises tenure faced by the company in the period under review.



MANSOOR RASHEED

Chief Executive

Lahore: March 21, 2012.

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED

INTERIM FINANCIAL INFORMATION

We have reviewed the accompanying condensed interim balance sheet of **Dandot Cement Co. Limited** as at December 31, 2011 and the related condensed interim profit and loss account, interim condensed cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (hereinafter referred to as "interim financial information") for the half year then ended. 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.

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.

Basis for Qualified Conclusion

- (i) As referred in note no. 5 to the interim financial information, current portion and overdue installments aggregating Rs.508.929 million and short term loan of Rs.270.00 million obtained from Bank of Punjab have not been classified under current liabilities.
- (ii) As explained in note no.6.2 to the interim financial information, the company could not pay dues of the Provident Fund Trust.
- (iii) Loans from Bank of Punjab, KASB Bank Limited, Economic Affairs Division (EAD), ex-sponsors, amount receivable from ex-associates, and accrued interest from ex-associate remained unconfirmed as referred to note nos.5, 8.1, 8.2, 6, and 11 to the interim financial information.
- (iv) The company has not provided markup in the interim financial information on loan obtained from Bank of Punjab and KASB Bank as referred to note nos. 5, 8.1, and 8.2. amounting Rs.117.39 million for the period & default surcharge on unpaid balance of sales tax & federal excise duty Rs. 69.89 million as referred to note no. 9. Had there been provision made for markup & default surcharge in the interim financial information the loss for the half year would have been higher by amount Rs. 187.28 million.
- (v) These interim financial information have been prepared on going concern basis despite the fact that the company has accumulated losses of Rs.3,061.01 million. Its current liabilities exceed the current assets by Rs.1,722,32 million. The company could not pay the installments due of long term loan, short term loan and amount due to employees benefits amounting Rs.813.92 million. Consequently, note no.1.2 to the interim financial information is equivocal.

Qualified Conclusion

Based on our review, with the exception of the matters described in preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.



CHARTERED ACCOUNTANTS

Engagement Partner: Ghulam Mudassar

Lahore: March 21, 2012

Condensed Interim Balance Sheet

		(Un-Audited) Dec 31, 2011	(Audited) June 30, 2011
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 (June 2011:100,000,000) ordinary shares of Rs.10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid-up capital		948,400	948,400
Share premium reserve		31,801	31,801
Accumulated loss		<u>(3,061,010)</u>	<u>(2,876,726)</u>
		(2,080,809)	(1,896,525)
SURPLUS ON REVALUATION OF FIXED ASSETS			
		<u>1,120,102</u>	<u>1,138,718</u>
		(960,707)	(757,807)
NON CURRENT LIABILITIES			
Loan from banking companies	5	1,020,000	1,020,000
Other loans	6	359,813	365,995
Deferred liabilities	7	-	-
Long term advances and deposits		1,799	1,983
		1,381,612	1,387,978
CURRENT LIABILITIES			
Trade and other payables		1,166,823	1,050,948
Mark up accrued		685,648	677,881
Short term borrowings	8	473,249	488,367
Current portion of long term loans and liabilities		62,052	62,343
Provision for taxation - income tax		-	-
		2,387,772	2,279,539
CONTINGENCIES AND COMMITMENTS			
	9	<u>-</u>	<u>-</u>
		<u>2,808,677</u>	<u>2,909,710</u>



MANSOOR RASHEED
Chief Executive

As at December 31, 2011

	Note	(Un-Audited) Dec 31, 2011	(Audited) June 30, 2011
(Rupees in thousand)			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment Operating fixed assets	10	2,120,754	2,155,354
Long term loans		35	55
Long term security deposits		22,435	20,435
		<u>2,143,224</u>	<u>2,175,844</u>
CURRENT ASSETS			
Stores, spares and loose tools		134,765	139,953
Stock in trade		89,847	92,445
Trade debts		14,915	17,971
Loans and advances	11	364,669	427,684
Balances with statutory authorities		48,434	42,440
Interest accrued		9,389	9,389
Other receivables		-	261
Cash and bank balances		3,434	3,723
		<u>665,453</u>	<u>733,866</u>
		<u>2,808,677</u>	<u>2,909,710</u>

The annexed notes form an integral part of this condensed interim financial information.



SAUD RASHEED

Director



Condensed Interim Profit And Loss Account (Un-Audited)

For the Half Year ended December 31, 2011

Note	Second Quarter ended		Half Year ended	
	December 2011	December 2010	December 2011	December 2010
	(Rupees in thousand)		(Rupees in thousand)	
Sales (Net)	239,378	189,302	499,718	189,302
Cost of sales	318,417	263,757	673,887	325,731
Gross loss	(79,039)	(74,455)	(174,169)	(136,429)
Operating Expenses				
Distribution costs	888	1,085	1,708	1,182
Administrative expenses	10,799	5,961	18,689	9,538
	11,687	7,046	20,397	10,720
Operating loss	(90,726)	(81,501)	(194,566)	(147,149)
Finance costs	(6,941)	(69,726)	(8,440)	(133,584)
Other income	89	81	106	9,031
	(6,852)	(69,645)	(8,334)	(124,553)
Loss before taxation	(97,578)	(151,146)	(202,900)	(271,702)
Taxation :				
Current	-	-	-	-
Deferred	-	(60,224)	-	(60,224)
	-	(60,224)	-	(60,224)
Net Loss after taxation	(97,578)	(90,922)	(202,900)	(211,478)
Loss per weighted average shares- Basic (Rupees)	(1.03)	(0.96)	(2.14)	(2.23)

The annexed notes form an integral part of this condensed interim financial information.


MANSOOR RASHEED
 Chief Executive


SAUD RASHEED
 Director



Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Half Year ended December 31, 2011

	Quarter ended		Six months ended	
	October to December		July to December	
	2011	2010	2011	2010
	(Rupees in thousand)		(Rupees in thousand)	
Loss for the period	(97,578)	(90,922)	(202,900)	(211,478)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	<u>(97,578)</u>	<u>(90,922)</u>	<u>(202,900)</u>	<u>(211,478)</u>

The annexed notes form an integral part of this condensed interim financial information.


MANSOOR RASHEED
Chief Executive


SAUD RASHEED
Director

Condensed Interim Cash Flow Statement (Un-Audited)

For the Half Year ended December 31, 2011

	Dec 31, 2011	Dec. 31, 2010
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(202,900)	(271,702)
Adjustments of items not involving movement of cash:		
Depreciation	36,061	37,736
Provision for gratuity	12,321	-
Finance cost	8,440	133,584
	56,822	171,320
Operating cash flows before working capital changes	(146,078)	(100,382)
(Increase)/Decrease in operating assets:		
Stores, spares and loose tools	5,188	(9,114)
Stock in trade	2,598	(39,405)
Trade debts	3,056	-
Loans and advances	63,015	(7,622)
Other receivables	261	55
Increase/(Decrease) in trade and other payables	103,554	121,204
	177,672	65,118
	31,594	(35,264)
Long term advances and deposits	-	21
Finance cost paid	(673)	(586)
Income tax paid	(5,994)	(3,371)
Net Cash Flows From Operating Activities	24,927	(39,200)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,461)	(117)
Long term security deposits	(2,000)	(4,000)
Long term loans	20	15
Net Cash Flows From Investing Activities	(3,441)	(4,102)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans	(6,657)	(3,191)
Short term borrowings	(15,118)	47,562
Net Cash Flows From Financing Activities	(21,775)	44,371
Net Increase in Cash and Cash Equivalents	(289)	1,069
Cash and Cash Equivalents at Beginning of the Period	3,723	3,789
Cash and Cash Equivalents at End of the Period	3,434	4,858

The annexed notes form an integral part of this condensed interim financial information.



MANSOOR RASHEED
Chief Executive



SAUD RASHEED
Director

Condensed Interim Statement of Changes in Equity (Un-Audited)

For the Half Year ended December 31, 2011

	SHARE CAPITAL	SHARE PREMIUM RESERVE	ACCUMULATED LOSS	TOTAL SHARE CAPITAL AND RESERVES	SURPLUS ON REVALUATION OF FIXED ASSETS	TOTAL
(Rupees in thousand)						
Balance as at July 01, 2010	948,400	31,801	(2,576,474)	(1,596,273)	1,177,629	(418,644)
Total comprehensive loss for the half year ended December 31, 2010	-	-	(211,478)	(211,478)	-	(211,478)
Incremental depreciation transferred from surplus on revaluation of fixed assets -Net of deferred tax	-	-	19,456	19,456	(19,456)	-
Balance as at December 31, 2010	948,400	31,801	(2,768,496)	(1,788,295)	1,158,173	(630,122)
Balance as at July 01, 2011	948,400	31,801	(2,876,726)	(1,896,525)	1,138,718	(757,807)
Total comprehensive loss for the half year ended December 31, 2011	-	-	(202,900)	(202,900)	-	(202,900)
Incremental depreciation transferred from surplus on revaluation of fixed assets -Net of deferred tax	-	-	18,616	18,616	(18,616)	-
Balance as at December 31, 2011	948,400	31,801	(3,061,010)	(2,080,809)	1,120,102	(960,707)

The annexed notes form an integral part of this condensed interim financial information.


MANSOOR RASHEED
 Chief Executive


SAUD RASHEED
 Director

Notes to the Condensed Interim Financial Statements (Un-Audited)

For the Half Year ended December 31, 2011

1 THE COMPANY AND ITS OPERATIONS

- 1.1 The Company is a public limited Company incorporated in Pakistan and is listed on Karachi and Lahore Stock Exchanges. The Company started its production on March 01, 1983 and has been engaged in production and marketing of cement. The company is a subsidiary of Three Stars Cement (Pvt) Ltd. The registered office of the company is situated at 30-Sher Shah Block, New Garden Town, Lahore.
- 1.2 The company has accumulated loss of Rs. 3,061.01 million and its current liabilities exceed its current assets by Rs.1,722.32 million as at December 31, 2011. In spite of the adverse current ratio and large accumulated loss, the company has continued financial support from its sponsoring directors. Due to poor economic conditions, low prices of cement and financial crunch, operations of the company were suspended last year. However, in October 2010, with the increase in price and demand of cement and after arrangement of necessary funds by the management, the operations of the company were resumed. On the basis of these facts, the management of the company is confident that the company will continue its operations as going concern and they are fully committed to promote the company's objectives in the long run.

Accordingly, these condensed interim financial information have been prepared on going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary should the company not be able to continue as a going concern.

2 STATEMENT OF COMPLIANCE

These condensed interim financial information have been reviewed by Auditors of the company and is prepared in accordance with International Financial Reporting Standard 'IAS-34 - Interim Financial Reporting' and provisions of and directives issued under the companies Ordinance, 1984. In case where the requirement differ, the provisions of or directives issued under the companies Ordinance, 1984 have been followed .

The figures of the condensed interim profit and loss account for the quarter ended December 31,2011 and 2010 have not been reviewed by the auditors of the company as they have reviewed the cumulative figures for the half year ended December 31,2011 and 2010 . These condensed interim financial information should be read in conjunction with the Annual Audited Financial Statements for the year ended June 30, 2011. These condensed interim financial information are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi and Lahore Stock Exchange.

3 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial information are the same as those adopted in preparation of financial statements for the year ended June 30, 2011, except as follow:

New and amended standards and interpretations

The company has adopted the following amended IFRS and IFRIC interpretation which became effective during the period:

- IFRS 7-Financial Instruments and Disclosures
- IAS 24-Related Parties Disclosures (Revised)
- IFRIC 14-Prepayments of a Minimum Funding Requirement (Amendment)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wordings. These improvements are listed below:

- IFRS 7-Financial Instruments and Disclosures (Clarification of disclosures)
- IAS 1- Presentation of Financial Statements (Clarification of statement of changes in equity)
- IAS 34- Interim Financial Reporting (Significant events and transactions)
- IFRIC 13-Customers Loyalty Programmes (Fair Value of award credits)

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on the condensed interim financial information of the company.

4 SIGNIFICANT ESTIMATES

The preparation of these condensed interim financial information requires management to make judgment, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses and related disclosures at the date of financial information. Actual results may differ from these estimates. In preparing these financial information, the significant judgments made by the management in applying accounting policies. Key estimates and uncertainty includes, but not limited to:

- Depreciation methods, residual values and useful life of depreciable assets
- Taxation
- Provisions and Contingencies

5 LOAN FROM BANKING COMPANIES

The Bank of Punjab Limited
 - Demand finance facility
 - Bridge finance facility

Note	Dec. 31, 2011 (Rupees in thousand)	June 30, 2011
	750,000	750,000
	270,000	270,000
5.1	<u>1,020,000</u>	<u>1,020,000</u>

5.1 The company has filed a suit in the Lahore High Court, Lahore against BOP for declaration, permanent injunction, discharge, cancellation of documents, redemption of property and damages to the tune of Rs. 1,926 million on account of various breaches of its obligation committed by BOP. BOP has also filed its Petition for Leave to Appeal (PLA) in the same and the matter is pending adjudication before the honorable court. BOP has instituted a suit against the company for recovery of Rs. 1,626.625 million along with markup / Cost of funds in the Lahore High Court, Lahore. Petition for Leave to Appeal (PLA) on behalf of the company has been filed in the same and the matter is pending adjudication.

6 OTHER LOANS

Economic Affairs Division, Government of Pakistan (EAD)
 Ex-Sponsors' Loan
 Holding Company
 Provident Fund Trust
 Peace agreement arrears

Less: Current maturity

	35,232	35,232
6.1	250,000	250,000
	53,675	53,675
6.2	60,252	60,252
	22,691	29,164
	<u>421,850</u>	<u>428,323</u>
	62,037	62,328
	<u>359,813</u>	<u>365,995</u>

6.1 This represents loan received from Ex-management Mr.A.Rafique Khan and Mr. Tousif Peracha as subordinated to Bank of Punjab loan facility. It is interest free, unsecured and is repayable after repayment of loan of Bank of Punjab.

- 6.2 The Securities & Exchange Commission of Pakistan (SECP) had passed an order on August 13, 2009 that the company should provide mark-up on old dues till June 30, 2008 and an overdue current provident fund contributions till September 30, 2009 and repay all the principal portion of old dues and overdue current provident fund contributions along with mark-up there on in installments of Rs. 0.5 million per month from October 2009. The markup has been accounted for in the books of account and these condensed interim financial information in accordance with the SECP order. However, due to financial crunch, the company was unable to pay current and old dues of provident fund.

	Note	Dec. 31, 2011 (Rupees in thousand)	June 30, 2011
7 DEFERRED LIABILITIES			
Deferred taxation	7.1	-	-
7.1 Deferred taxation			
This is composed of the following:			
Deferred tax liability on taxable temporary differences arising in respect of:			
Accelerated tax depreciation		679,708	689,566
		<u>679,708</u>	<u>689,566</u>
Deferred tax asset on deductible temporary differences arising in respect of:			
Liabilities against assets subject to finance lease		(5)	(5)
Unused tax losses carried forward		(678,594)	(688,452)
Provision for doubtful balances		(1,109)	(1,109)
		<u>(679,708)</u>	<u>(689,566)</u>
		-	-
Opening balance		-	60,224
Add: Charged/(Reversal) to profit and loss account		-	(60,224)
Deferred tax liability as at Dec. 31, / June 30,		<u>-</u>	<u>-</u>
Deferred tax amounting to Rs.144.798 million on unused tax losses, has not been recognized in these condensed interim financial information being prudent. Management is of the view that recognition of deferred tax asset shall be re-assessed as at June 30, 2012.			
8 SHORT TERM BORROWINGS			
Running finances - secured			
KASB Bank Limited	8.1	290,000	290,000
Others - Secured			
The Bank of Punjab		57,256	57,256
The Bank of Punjab		83,600	83,600
	8.2	<u>140,856</u>	<u>140,856</u>
Bank Overdraft - unsecured		-	2,063
Loan from Related Parties - unsecured			
Director		34,815	37,065
Others		7,578	18,383
		<u>42,393</u>	<u>55,448</u>
		<u>473,249</u>	<u>488,367</u>

- 8.1 KASB has instituted a suit against the company for recovery of Rs.351.732 million along with markup / cost of funds in the Lahore High Court, Lahore. Petition for Leave to Appeal (PLA) on behalf of the company has been filed in the same and the matter is pending adjudication.

The facility is secured by 1st pari passu charge on plant and machinery of the company amounting Rs.400 million and lien over deposit of Rs.176.5 million in saving account of Mr. Tauseef Peracha and Mr. A. Rafique Khan (Ex-Management).

- 8.2 The company is in litigation with the bank as explained in note no.5.1 to the condensed interim financial information.

9 CONTINGENCIES AND COMMITMENTS

- The company has not accounted for Rs.234.175 Million (June 30, 2011: Rs. 206.625 Million) additional profit/liquidated damages on the loan payable to KASB Bank Limited as the matter is subjudice with the honourable Lahore High Court as referred to note no. 8.1 to the financial information. Further, provision of default surcharge payable on unpaid amount of sales tax and federal excise duty Rs. 69.89 million has also not been accounted for in the condensed interim financial information as aforesaid amount is under reconciliation with the department.
- Except the above there has been no significant change in contingencies and commitments since the date of preceding published annual financial statements.

	Note	Dec. 31, 2011 (Rupees in thousand)	June 30, 2011
10 OPERATING FIXED ASSETS			
Opening fixed assets at WDV		2,155,354	2,230,650
Additions		1,461	181
(Deletions)		-	-
		<u>2,156,815</u>	<u>2,230,831</u>
Less: depreciation:			
For the period/year		36,061	75,477
On disposal		-	-
		<u>36,061</u>	<u>75,477</u>
		<u><u>2,120,754</u></u>	<u><u>2,155,354</u></u>
11 LOAN AND ADVANCES			

These include amount Rs. 250 million (June 30, 2011: Rs. 250 million) receivable from Gharibwal Cement Limited (GCL), the past associated company.

12 COST OF SALES

	Second Quarter ended		Half Year ended	
	Dec. 2011 (Rupees in thousand)	Dec. 2010	Dec. 2011 (Rupees in thousand)	Dec. 2010
Raw materials consumed	22,024	27,455	42,711	27,455
Salaries, wages and benefits	46,082	28,549	88,503	70,549
Fuel, gas and electricity	191,758	199,041	429,968	201,135
Stores and spares	7,630	5,560	16,235	5,560
Rent, rates and taxes	155	46	158	46
Vehicle running and maintenance	3,421	3,562	6,555	3,562
Packing material	17,359	18,165	37,891	18,165
Depreciation	17,073	17,881	34,259	35,761
Others	5,989	6,197	13,490	6,197
	<u>311,491</u>	<u>306,456</u>	<u>669,770</u>	<u>368,430</u>
Adjustment of work in process	3,708	(31,221)	(12,748)	(31,221)
Cost of goods manufactured	<u>315,199</u>	<u>275,235</u>	<u>657,022</u>	<u>337,209</u>
Adjustment of finished goods	3,218	(11,478)	16,865	(11,478)
	<u><u>318,417</u></u>	<u><u>263,757</u></u>	<u><u>673,887</u></u>	<u><u>325,731</u></u>

13 FINANCE COST

The company has not accounted for markup aggregating Rs.117.39 million on long term loans as referred in note nos. 5.1, 8.1 and 8.2 to the condensed interim financial information .

14 TAXATION

Minimum tax u/s 113 of Income Tax Ordinance, 2001 has not been made as the company suffered gross loss before depreciation charge.

15 TRANSACTIONS WITH RELATED PARTIES

Three Stars Hosiery Mills (Pvt) Ltd.

(Associated company due to common directorship)

	<u>Half Year ended</u>	
	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>
	(Rupees in thousand)	
Goods and services	-	30
Funds repaid / settled	8,525	43
Funds received	3,640	1,000

Active Apparel International (Pvt) Ltd

(Associated company due to common directorship)

Funds repaid / settled	6,470	505
Funds received	550	5,060

Director

Funds repaid	2,250	-
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The Forwarder (Pvt) Ltd

(Associated company due to common directorship)

Funds received back/ settled	12,570	-
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16 CORRESPONDING FIGURES

- Corresponding figures, wherever necessary, have been rearranged. However, there was no material reclassifications to report.
- Figures have been rounded off to the nearest thousand rupees.

17 DATE OF AUTHORISATION

These condensed interim financial information were authorised for issue on March 21, 2012 by the Board of Directors of the company.



MANSOOR RASHEED
Chief Executive



SAUD RASHEED
Director