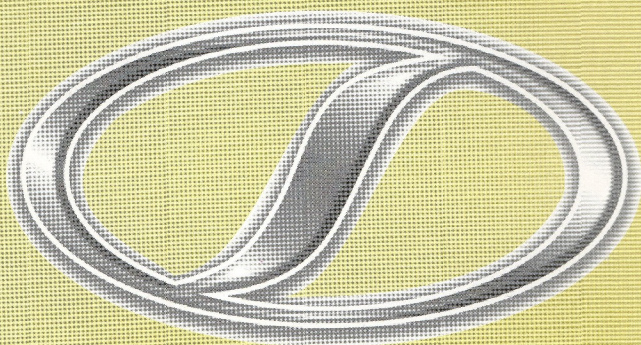


SAZGAR ENGINEERING WORKS LIMITED



Quarterly and Half Yearly
Accounts (Un-Audited)
December 31, 2013



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

SAZGAR ENGINEERING WORKS LIMITED



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Vision

Dynamic, quality conscious and ever progressive.

Mission

- *To be market leader in providing safe, economical, durable, comfortable and environment friendly means of transportation of international quality at competitive prices*
- *To achieve market leadership in automotive wheel-rims of all types and sizes*
- *Grow through innovation of new products and*
- *Give higher return to the stakeholders.*

Corporate Strategy

Achieve optimal performance in production and sale; continuously add value added products at competitive prices by maintaining “quality” as core element; focus on customers’ satisfaction regarding sale, spares and services; explore new markets and enhance customers’ base; ensure right usage of company’s resources; create employment opportunities; protect the interest of stakeholders; and be a part of the country’s development.

SAZGAR ENGINEERING WORKS LIMITED

Company Information

BOARD OF DIRECTORS

Executive Directors

Mrs. Saira Hameed
Chairperson/Director

Mr. Mian Asad Hameed
Chief Executive/Director

Mr. Saeed Iqbal Khan
Director

Mr. Mian Muhammad Ali Hameed
Director

Non-Executive Directors

Mr. Mian Zafar Hameed
Director

Mrs. Sana Suleyman
Director

Mrs. Amina Hamza Wazir
Director

COMPANY SECRETARY

Mr. Arshad Mahmood - FCA

REGISTERED OFFICE

88 - Ali Town, Thokar Niaz Baig,
Raiwind Road, Lahore.

E-mail: sazgar@brain.net.pk
info@sazgarautos.com

Website: www.sazgarautos.com

SHARE REGISTRAR

Corp Tec Associates (Pvt.) Limited
503-E, Johar Town, Lahore.
Ph# 042-35170336-37
Fax# 042-35170338

FACTORY

18-KM, Raiwind Road, Lahore.

BOARD AUDIT COMMITTEE

Mr. Mian Muhammad Ali Hameed
Chairman

Mr. Mian Zafar Hameed
Member

Mrs. Sana Suleyman
Member

Mr. Arshad Mahmood
Secretary

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Mian Zafar Hameed
Chairman

Mr. Saeed Iqbal Khan
Member

Mrs. Sana Suleyman
Member

Mr. Arshad Mahmood
Secretary

AUDITORS

Kabani and Company
Chartered Accountants

BANKERS

Allied Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
The Bank of Punjab
Summit Bank Limited
NIB Bank
Meezan Bank Limited

SAZGAR ENGINEERING WORKS LIMITED

DIRECTORS REVIEW

The directors of your Company are pleased to present their review on the affairs of the Company for the 2nd quarter and half year ended December 31, 2013:

Financial Results:

The half year financial results of the company are showing an improvement in sales and profitability. During the 2nd quarter, the net sales has increased by 27.42% from Rs. 414.74 M to Rs. 528.45 M, gross profit by 16.85% from Rs. 46.42 M to Rs. 54.24 M and pre-tax profit by 15.92% from Rs. 18.51 M to Rs. 21.46 M compared with corresponding period of last year.

Cumulatively for six months, the net sales has increased by 12.74 % from Rs. 855.18 M to Rs. 964.11 M, gross profit by 4.64% from Rs. 91.99 M to Rs. 96.26 M, and pre-tax profit by 9.59% from Rs. 35.14 M to Rs. 38.51 M compared with the corresponding period of last year.

Improvement in sales is due to the increase in sales volume of Auto Rickshaw particularly in Karachi region being the major market share carrying by the company. The recent actions of law enforcing agency in this area has started affecting positively on the business activities. However, the energy crisis and constant depreciation of Pak-Rupee has adversely affected the profitability of the company.

During the 2nd quarter and cumulatively six months, the Company produced 3,302 & 6,478 units of Auto Rickshaws whereas during the corresponding periods of last year, the production was 2,200 and 4,850 units showing an increase of 50.10% and 33.57% respectively.

The production of wheel rims was 19,523 & 26,055 in 2nd quarter and cumulatively six months whereas the production of wheel rims during the same corresponding periods was 19,978 and 36,623 respectively. The increase in prices of tractors due to application of sales tax thereon has jeopardized the sale of tractors during the period under review.

Motor Cycle Manufacturing:

The production of Motor cycle could not be commenced due to pendency of the approvals from The Pakistan Standards and Quality Control Authority (PSQCA) and Provincial Transport Authority (PTA).

Interim Cash Dividend:

The directors of your company are pleased to declare an interim cash dividend of Rs. 1.00 per ordinary share i.e. 10% for the period ended December 31, 2013 (December 31, 2012: Nil).

Future Outlook:

There are many challenges like security situation, energy crises, Pak rupees devaluation etc. which the company has to face in moving forward.

It is hoped that the Government will continue its efforts to improve the law and order situation throughout the country enabling the boosting of economic activities in the country. It is also hoped that the sale of auto rickshaw will continue to increase in the future period.

Your company is also looking for introduction of some new models of auto rickshaw in accordance with the requirement and demand of the customers in the following periods which will further increase the sale volumes and profitability of the company.

Your company expects that the Government will positively consider the matter of sales tax on tractors and defer the recent rise in sales tax rate from 10% to 17% for the recovery of tractor and its allied industry. On the other hand this industry has to face some difficult time to normalize the effect of rise in sales tax rate that has caused the increase in prices substantially.

The directors would like to place on record their appreciation for the untiring efforts, teamwork and dedication shown by the company's employees during the period under review. They would also like to express their gratitude to the valued shareholders, customers, suppliers and financial institutions for their co-operation, constant support and trust on the Company.

For and on behalf of the Board

Lahore
Dated: 21-02-2014


Mian Asad Hameed
(Chief Executive)



KABANI & COMPANY

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS.

Introduction

We have reviewed the accompanying condensed interim balance sheet of **SAZGAR ENGINEERING WORKS LIMITED** as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the interim financial information for the six-months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for quarters ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2013.

Scope of Review

We conducted our review in accordance with International Standards 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six-months period ended December 31, 2013, is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

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Building Bank Street,
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F: 00971-4-2242270

USA
6033 W. Century Blvd,
Suite # 210, Los Angeles
CA 90045, USA
Tel: 310 684 3590
Fax: 310 410 0371

February 21, 2014
Lahore.

Kabani and Company
Chartered Accountants

Younus Kamran

SAZGAR ENGINEERING WORKS LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2013

		Unaudited December 31, 2013 Rupees	Audited June 30, 2013 Rupees (Restated)	Audited June 30, 2012 Rupees (Restated)
	Note			
EQUITY AND LIABILITIES				
EQUITY				
Authorized share capital				
50,000,000 (June 2013: 50,000,000, June 2012: 50,000,000)				
ordinary shares of Rupees 10 each		500,000,000	500,000,000	500,000,000
Issued, subscribed and paid-up share capital	4	179,723,680	179,723,680	179,723,680
Revenue reserve - Un-appropriated Profit		386,906,537	377,922,599	335,751,310
		566,630,217	557,646,279	515,474,990
LIABILITIES				
NON CURRENT LIABILITIES				
Liabilities against assets subject to finance lease		5,184,046	6,512,635	6,132,763
Deferred Liabilities		86,338,298	83,057,525	67,496,802
CURRENT LIABILITIES				
Trade and other payables		362,150,937	300,974,821	323,163,158
Mark-up & Profit accrued on loans and other payables		1,257,920	523,237	1,437,379
Short term borrowings		38,114,860	16,776,763	35,830,932
Current portion of long term liabilities		5,463,537	5,017,469	4,654,851
Provision for Taxation		12,942,542	32,738,126	80,304,548
		419,929,796	356,030,415	445,390,868
CONTINGENCIES AND COMMITMENTS	5	-	-	-
TOTAL EQUITY AND LIABILITIES		1,078,082,357	1,003,246,855	1,034,495,423

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR

SAZGAR ENGINEERING WORKS LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2013

		Unaudited December 31, 2013 RUPEES	Audited June 30, 2013 RUPEES (Restated)	Audited June 30, 2012 RUPEES (Restated)
	Note			
ASSETS				
NON CURRENT ASSETS				
Property, Plant and Equipment	6	263,796,045	251,499,116	240,705,730
Intangible Assets	7	520,855	606,229	501,874
LONG TERM LOANS AND ADVANCES		6,194,146	5,494,369	5,127,433
LONG TERM DEPOSITS		1,657,137	1,657,137	1,137,137
CURRENT ASSETS				
Stores, spares and loose tools		5,203,140	4,564,708	7,401,603
Stock-in-trade		483,085,977	388,505,301	540,547,955
Trade debts		147,126,895	133,661,024	129,278,444
Loans & Advances		20,299,665	12,597,263	6,493,753
Trade Deposits and short term prepayments		75,196,540	32,027,746	17,335,215
Other Receivables		31,089,073	45,090,475	76,982,666
Cash and bank balances		43,912,884	127,543,489	8,983,613
		805,914,174	743,990,005	787,023,249
TOTAL ASSETS		1,078,082,357	1,003,246,855	1,034,495,423

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


MIAN ASAD HAMEED

CHIEF EXECUTIVE


SAEED IQBAL KHAN

DIRECTOR

SAZGAR ENGINEERING WORKS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

		Second Quarter Ended		Half Year Ended	
		December 31, 2013 Rupees	December 31, 2012 Rupees	December 31, 2013 Rupees	December 31, 2012 Rupees
	Note				
SALES - Net	8	528,450,355	414,742,877	964,114,077	855,180,699
COST OF SALES	9	474,208,985	368,322,088	867,857,210	763,188,029
GROSS PROFIT		54,241,370	46,420,789	96,256,867	91,992,670
DISTRIBUTION COST		17,380,062	11,075,864	27,781,845	22,056,467
ADMINISTRATIVE EXPENSES		12,198,774	14,371,861	24,740,828	27,386,496
OTHER OPERATING EXPENSES		1,937,117	1,793,340	3,219,519	3,170,139
		31,515,953	27,241,065	55,742,192	52,613,103
		22,725,417	19,179,724	40,514,676	39,379,567
OTHER INCOME		782,957	1,694,378	1,277,567	2,034,711
OPERATING PROFIT BEFORE FINANCE COST		23,508,374	20,874,102	41,792,242	41,414,278
FINANCE COST		2,053,122	2,366,039	3,286,679	6,278,179
PROFIT BEFORE TAXATION		21,455,252	18,508,063	38,505,563	35,136,099
TAXATION	10	5,387,072	8,250,739	11,549,258	16,407,244
PROFIT AFTER TAXATION		16,068,180	10,257,324	26,956,306	18,728,855
EARNINGS PER SHARE - BASIC AND DILUTED	11	0.89	0.57	1.50	1.04

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


MIAN ASAD HAMEED
 CHIEF EXECUTIVE



SAEED IQBAL KHAN
 DIRECTOR

SAZGAR ENGINEERING WORKS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

Second Quarter Ended		Half Year Ended	
December 31, 2013 Rupees	December 31, 2012 Rupees	December 31, 2013 Rupees	December 31, 2012 Rupees

PROFIT AFTER TAXATION FOR THE PERIOD	16,068,180	10,257,324	26,956,306	18,728,855
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	16,068,180	10,257,324	26,956,306	18,728,855

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR

SAZGAR ENGINEERING WORKS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Half Year Ended	
	December 31, 2013 Rupees	December 31, 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	38,505,563	35,136,099
Adjustment for non cash charges and other items:		
Depreciation	10,032,826	8,855,356
Amortization	110,374	87,595
Provision for gratuity	6,956,226	6,822,032
Financial and other charges	3,286,679	8,953,318
Other Income	(1,277,567)	(2,033,607)
	19,108,538	22,684,693
	57,614,102	57,820,792
Working capital changes		
(Increase)/Decrease in current assets		
Store, spares and loose tools	(638,432)	1,721,927
Stock-in-trade	(94,580,675)	109,446,683
Trade debts	(13,465,872)	(2,259,410)
Loans & Advances	(7,702,402)	(1,176,910)
Trade Deposits and short term prepayments	(43,168,794)	(7,349,341)
Increase/(Decrease) in current liabilities		
Trade and other payables	63,133,652	(81,332,831)
Increase in Long term loans and advances	(699,777)	(695,505)
	(97,122,301)	18,354,614
Cash (used in) / generated from operations	(39,508,199)	76,175,406
Finance cost paid	(2,551,995)	(5,639,833)
Income tax paid/deducted at source	(19,779,896)	(20,260,897)
Employees retirement benefit - Gratuity paid	(2,418,900)	(5,898,470)
Workers' Profit Participation Fund Paid	-	(6,254,288)
Net cash (used in) / generated from operating activities	(64,258,990)	38,121,918
CASH FLOW FROM INVESTING ACTIVITIES		
Property, Plant and Equipment Purchased	(19,760,596)	(6,345,305)
Increase in long term deposits	-	(520,000)
Proceeds from sale of Property, Plant and Equipment	4,000	2,100,000
Security deposits with leasing companies	-	(1,020,150)
Net cash used in investing activities	(19,756,596)	(5,785,455)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short term borrowings	76,780,138	75,821,078
Repayment of short term borrowings	(55,442,044)	(89,416,850)
Repayment of finance lease	(2,980,746)	(2,711,645)
Dividend paid	(17,972,368)	(17,776,360)
Net cash (used in) / generated from financing activities	384,980	(34,083,777)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(83,630,606)	(1,747,314)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	127,543,489	8,983,613
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	43,912,884	7,236,299

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR

SAZGAR ENGINEERING WORKS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Share Capital Rupees	Un-appropriated Profit Rupees	Total Rupees
Balance as at June 30, 2012 (audited)	179,723,680	336,842,280	516,565,960
Effect of change in accounting policy - Note No. 14	-	(1,090,970)	(1,090,970)
Balance as on July 01, 2012 (re-stated)	179,723,680	335,751,310	515,474,990
Final Dividend for the year ended June 30, 2012 @ Re.1.00 per share	-	(17,972,368)	(17,972,368)
Total Comprehensive Income for the half year ended December 31, 2012	-	18,728,855	18,728,855
Balance as at December 31, 2012	179,723,680	336,507,797	516,231,477
Balance as at June 30, 2013 (audited)	179,723,680	385,376,950	565,100,630
Effect of change in accounting policy - Note No. 14	-	(7,454,351)	(7,454,351)
Balance as on July 01, 2013 (re-stated)	179,723,680	377,922,599	557,646,279
Final Dividend for the year ended June 30, 2013 @ Re.1.00 per share	-	(17,972,368)	(17,972,368)
Total Comprehensive Income for the half year ended December 31, 2013	-	26,956,306	26,956,306
Balance as at December 31, 2013	179,723,680	386,906,537	566,630,217

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


MIAN ASAD HAMEED
 CHIEF EXECUTIVE


SAEED IQBAL KHAN
 DIRECTOR

SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2013

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. The registered office of the company is situated at 88- Ali Town, Thokar Niaz Baig, Raiwind Road, Lahore.

2 BASIS OF PREPARATION

These condensed interim financial statements (un-audited) of the Company for the half year ended December 31, 2013 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed and are being submitted to the shareholders as required by section 245 of the Companies Ordinance 1984.

These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2013.

This condensed interim financial statements has been reviewed, not audited.

3 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year ended June 30, 2013 except as detailed below.

The Company operates an unfunded gratuity scheme for all its permanent employees. The provision is made on the basis of actuarial valuation by using the projected unit credit method. During the period company has changed its accounting policy for calculating its obligation in respect of a plan as per adoption of changes in IAS -19 (Revised) 'Employees Benefits'. Effective from July 01, 2013 the actuarial gains / losses are recognized directly to equity through the Statement of Other Comprehensive income. Previously actuarial gains or losses arising from experience adjustment and changes in actuarial assumptions in excess of 10% of the present value of the defined benefit obligation recognized in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized. The description and the impacts of the change in accounting policy have been detailed in note 14. The revised accounting policy as a result of change in IAS-19 (Revised) ' Employees Benefits' is as follows;

DEFINED BENEFIT PLAN

Defined benefit plan is a post-employment benefit plan other than the defined contribution plan.

The Company operates an unfunded gratuity scheme for all its permanent employees. The provision is made on the basis of actuarial valuation by using the projected unit credit method. In calculating the Company's obligation in respect of a plan, Any actuarial gains and losses are recognised immediately in the statement of other comprehensive income.

SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

4 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Dec 31, 2013 Number	June 30, 2013 Number	Note	Unaudited Dec 31, 2013 Rupees	Audited June 30, 2013 Rupees
7,163,000	7,163,000	ordinary shares of Rupees 10/- each fully paid up in cash	71,630,000	71,630,000
10,809,368	10,809,368	ordinary shares of Rupees 10/- each allotted as bonus shares	108,093,680	108,093,680
17,972,368	17,972,368		179,723,680	179,723,680

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no significant change in contingencies from the preceding annual published financial statement of the company for the year ended June 30, 2013.

5.2 Commitments

Commitments in respect of:

		Dec 2013 Rupees	June 2013 Rupees	Dec 2013 Rupees	June 2013 Rupees
LIMIT Nos.	PARTICULARS	LIMITS AVAILABLE		LIMITS UTILIZED	
1	Not Later Than one Year				
1	Foreign LC Sight / Inland LC- Gross	370,000,000	370,000,000	145,162,449	170,641,327
2	FATR - Sublimit of Limit No.1	88,000,000	88,000,000	38,114,860	16,776,763
3	Murabaha Sublimit of Limit no.2	40,000,000	40,000,000	38,810,498	29,196,874
4	Murabaha Sublimit of Limit no.1	40,000,000	40,000,000	6,277,091	7,594,883
5	Guarantee	8,040,000	8,040,000	-	-

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	6.1	251,026,828	235,207,254
Capital work in progress		10,300,717	12,773,212
Advance for assets subject to finance lease		2,468,500	1,886,500
Advance for purchase of owned vehicle		-	1,632,150
		263,796,045	251,499,116

6.1 OPERATING FIXED ASSETS - Tangible

Opening book value	235,207,254	222,703,925
Add:		
Additions during the period (at cost)		
- Building and Civil Works on Freehold Land	2,035,956	4,335,888
- Plant and machinery	14,196,160	9,227,766
- Electric fittings	-	45,500
- Furniture and fixture	-	41,000
- Office equipments	55,350	323,961
- Electric installations	-	1,115,703
- Vehicles	9,869,000	18,702,000
	26,156,466	33,791,818
Less:		
Disposal during the period (at net book value)		
- Electric installations	27,439	43,959
- Vehicles	276,627	2,700,079
Depreciation charged during the period	10,032,827	18,544,451
	10,336,893	21,288,489
Closing book value	251,026,828	235,207,254

SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

		Note			
7	INTANGIBLE ASSETS				
	Opening book value			606,229	501,874
	Add: additions during the period			25,000	291,533
				631,229	793,407
	Less: amortization charged during the period			110,374	187,178
	Closing book value			520,855	606,229
8	SALES - NET	Oct-Dec 2013 Rupees	Oct-Dec 2012 Rupees	Jul-Dec 2013 Rupees	Jul-Dec 2012 Rupees
	Gross sales	639,148,118	489,310,433	1,163,817,655	1,008,281,885
	Less: Sales tax	93,886,928	67,532,885	173,532,477	138,964,533
	Sales returns	5,809,076	941,641	6,423,500	1,530,175
	Commission	11,001,759	6,093,030	19,747,601	12,606,478
		110,697,763	74,567,556	199,703,578	153,101,186
		528,450,355	414,742,877	964,114,077	855,180,699
9	COST OF SALES				
	Raw materials and components consumed	437,833,275	323,952,192	812,419,647	682,478,195
	Salaries, wages and other benefits	35,675,940	31,890,290	70,203,173	66,446,715
	Stores, spares and loose tools consumed	7,410,508	8,350,459	14,303,238	13,454,132
	Power and fuel charges	13,678,767	11,753,532	26,090,200	25,109,094
	Repair and maintenance	8,423,715	4,761,668	14,207,212	9,091,565
	Other expenses	1,667,814	973,677	2,990,279	1,949,797
	Depreciation & Amortization	3,501,777	3,347,549	6,926,179	6,496,070
		508,191,796	385,029,367	947,139,929	805,025,567
	Opening work-in-process	15,465,902	10,524,280	7,897,939	13,579,115
	Closing work-in-process	(15,203,700)	(11,711,499)	(15,203,700)	(11,711,499)
	Cost of goods manufactured	508,453,998	383,842,148	939,834,168	806,893,184
	Opening finished goods	129,659,632	145,150,311	91,927,686	116,965,216
	Cost of finished goods purchased during the period	-	5,621,581	-	5,621,581
	Closing finished goods	(163,904,644)	(166,291,952)	(163,904,644)	(166,291,952)
		474,208,985	368,322,088	867,857,210	763,188,029
10	TAXATION				
	Current				
	For the period	10.1	6,996,902	6,778,698	12,942,541
	Prior Year		(136,730)	-	(136,730)
	Deferred				
	For the period		(1,473,100)	1,472,041	(1,256,553)
			5,387,072	8,250,739	11,549,258
	10.1 The rate of tax has decreased from 35% to 34% during the period.				
11	EARNINGS PER SHARE - BASIC AND DILUTED				
	Basic Earnings Per Share				
	Profit after taxation for the period - Rupees	16,068,180	10,257,324	26,956,306	18,728,855
	Weighted average number of ordinary shares outstanding during the period - Note 4	17,972,368	17,972,368	17,972,368	17,972,368
	Basic & diluted earnings per share - Rupees	0.89	0.57	1.50	1.04

SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

12 TRANSACTIONS WITH RELATED PARTIES

The related parties of the company comprises of directors and key management personnel only.

The aggregate amount charged in these financial statements for the period for remuneration, including certain benefits to the Chief Executive Officer, Directors and Other Executives of the Company are as follows:

Particulars	Chief Executive Officer		Executive Directors		Non Executive Directors		Executives		Total	
	July-Dec	July-Dec	July-Dec	July-Dec	July-Dec	July-Dec	July-Dec	July-Dec	July-Dec	July-Dec
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Managerial Remuneration	3,136,364	3,136,364	3,409,091	3,409,091	-	-	8,345,127	7,740,982	14,890,582	14,286,436
Medical allowance	313,636	313,636	340,909	340,909	-	-	834,513	774,098	1,489,058	1,428,644
Bonus & Leave encashment	-	-	-	-	-	-	1,612,852	972,405	1,612,852	972,405
Total	3,450,000	3,450,000	3,750,000	3,750,000	-	-	10,792,492	9,487,485	17,992,492	16,687,485
Number of persons	1	1	3	3	3	3	8	8	15	15

The Company also provides free use of Company maintained cars to some of the directors and executives for business use.

13 SEGMENT RESULTS

	Oct-Dec 2013 Rupees	Oct-Dec 2012 Rupees	Jul-Dec 2013 Rupees	Jul-Dec 2012 Rupees
Segment Revenue				
Home appliances	217,228	6,494,108	245,024	9,152,756
Auto parts	101,315,722	110,273,760	140,150,856	189,561,739
Auto rickshaw	426,917,405	297,975,009	823,718,197	656,466,204
Total	528,450,355	414,742,877	964,114,077	855,180,699
Segment operating results				
Home appliances	(108,433)	(48,842)	(304,867)	(224,814)
Auto parts	3,355,523	7,127,438	395,757	10,195,698
Auto rickshaw	21,000,441	13,499,467	43,228,302	32,083,823
Total	24,247,534	20,578,064	43,319,195	42,054,706

14 CHANGE IN ACCOUNTING POLICY

The company has adopted IAS-19 (Revised) 'Employee Benefits' which is effective for accounting period beginning on or after January 01, 2013. Consequent to the changes in IAS-19 'Employee Benefits' The company is required to recognize all actuarial gain and losses directly to equity through the Statement of Other Comprehensive Income as these occur. The change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the comparative financial statements have been re-stated.

The effects of the retrospective application of the change in accounting policies are as follow:

June 30, 2013			June 30, 2012		
As previously reported	Restatement	As re-stated	As previously reported	Restatement	As re-stated
Amount in rupees			Amount in rupees		

Effect on balance sheet

Employees benefits	48,446,159	7,454,351	55,900,510	43,259,188	1,090,970	44,350,158
Un-appropriate profits	385,376,950	(7,454,351)	377,922,599	336,842,280	(1,090,970)	335,751,310

The company carries out the actuarial valuation on annual basis therefore, the effect of actuarial gain or loss on the condensed interim statement of comprehensive income for the half year ended December 31, 2013 has not been disclosed separately.

SAZGAR ENGINEERING WORKS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

15 SUBSEQUENT EVENTS

The Board of Directors in their meeting held on February 21, 2014 has declared interim cash dividend of Rupee 1.00 per ordinary share i.e, 10% (December 31,2012: Nil) of current paid up ordinary share capital. These condensed interim financial statements do not include the effect of this interim cash dividend which will be accounted for in the period in which it is declared.

16 CORRESPONDING FIGURES

Corresponding figures are re-arranged, wherever necessary, for the purpose of comparison. However, no such significant re-arrangements have been made in these condensed interim financial statements except for re-statements required in terms of application of change in accounting policy as referred in note 14.

17 DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Company has authorized these condensed interim financial statements for issue on February 21, 2014.

18 GENERAL

The figures have been rounded off to the nearest Rupee.


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR

BOOK POST

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