

	Un-audited 31 December 2010 Rupees	Audited 30 June 2010 Rupees
<b>5 SURPLUS ON REVALUATION OF PROPERTY ,PLANT AND EQUIPMENT-NET</b>		
Opening balance	573,661,722	579,949,867
Transferred to accumulated loss in respect of surplus realized on disposal of revalued property , plant and equipment	(1,702,080)	(1,642,967)
Related deferred tax liability	595,728	575,038
	(1,106,352)	(1,067,929)
Transferred to accumulated loss in respect of incremental depreciation charged during the period / year	(7,355,562)	(8,031,102)
Related deferred tax liability	2,574,447	2,810,886
	(4,781,115)	(5,220,216)
Closing balance	567,774,255	573,661,722
<b>6 LONG TERM FINANCING</b>		
Financing from banking companies-Secured (Note 6.1)	-	-
From related parties-Unsecured (Note 6.2)	20,540,607	16,795,000
	20,540,607	16,795,000
<b>6.1 Financing from banking companies-Secured</b>		
Opening balance	-	73,638,999
Less: Repaid during the period / year	-	445,000
	-	73,193,999
Less: Current portion shown under current liabilities	-	73,193,999
Closing balance	-	-
<b>6.2 From related parties-Unsecured</b>		
Opening balance	16,795,000	24,140,000
Add: Obtained during the period / year	10,010,000	7,700,000
Less: Repaid during the period / year	6,264,393	15,045,000
Closing balance	20,540,607	16,795,000
<b>7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Minimum lease payments	138,539,304	149,857,836
Less: Un-amortized finance charge	24,680,691	28,514,288
Present value of minimum lease payments	113,858,613	121,343,548
Less: Current portion shown under current liabilities	54,734,251	48,513,856
	59,124,362	72,829,692

## 8 CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

- a** Sui Northern Gas Pipelines Limited (SNGPL) Islamabad demanded arrears of Rupees 10.405 million for the period from November 2006 to November 2007 due to slow meter reading. The company filed a case in the Court of Senior Civil Judge on 18 December 2007. SNGPL has encashed the bank guarantee amounting to Rupees 15.293 million issued to it by NIB Bank Limited on behalf of the company. The company, based on advice of its legal counsel, is hopeful for recovering this balance from SNGPL. Consequently, no provision there against has been made in this condensed financial information and this amount has been shown as long term deposit with SNGPL.
- b** The taxation officer has passed an assessment order dated 01 June 2009 for tax year 2006 containing demand of income tax of Rupees 217,800 under section 161 and Rupees 99,645 under section 205 of Income Tax Ordinance, 2001. The company has filed a rectification under section 221 of Income Tax Ordinance, 2001 to taxation officer and the rectification order is still pending.
- c** The company filed an appeal before Lahore High Court, Rawalpindi Bench, Rawalpindi against conservancy charges amounting to Rupees 420,000 (Rupees 60,000 per annum) from the year 2003 to year 2009 charged by the Cantonment Board Rawalpindi. The Court has issued a notice for suspension of recovery of these charges. The case is still pending and has been reverted to the Appellate forum of Cantonment Board Rawalpindi.
- d** NIB Bank Limited has filed a suit before Lahore High Court against the company for recovery of outstanding loans amounting to Rupees 183.428 Million. The suit is pending before Lahore High Court. The Company has filed a counter case against NIB Bank Limited before Lahore High Court for seeking leave to deferred / written statement in the above said recovery case.
- e** Guarantees of Rupees 1.094 million (2010: Rupees 1.094 million) has been given by the Banks of the company to SNGPL against gas connection.

	Un-audited 31 December Rupees	Audited 30 June Rupees
8.2 Commitments	NIL	NIL

## 9 PROPERTY, PLANT AND EQUIPMENT

### Operating fixed assets

Owned (Note 9.1)

732,703,562 752,017,760

Leased (Note 9.2)

154,692,939 158,705,133

887,396,501 910,722,893

### 9.1 OPERATING FIXED ASSETS - OWNED

Opening book value

752,017,760 769,339,830

Add: Cost of additions during the period / year (Note 9.1.1)

691,813 2,395,491

752,709,573 771,735,321

Less: Book value of deletions during the period / year (Note 9.1.2)

12,186,331 2,831,940

740,523,242 768,903,381

Less: Depreciation charged during the period / year

7,819,680 16,885,621

Closing book value

732,703,562 752,017,760

#### 9.1.1 Cost of additions

Plant and machinery

7,808 381,194

Factory equipment

46,970 118,950

Furniture, fixtures and office equipment

8,000 -

Vehicles

629,035 1,895,347

691,813 2,395,491

	Un-audited 31 December 2010 Rupees	Audited 30 June 2010 Rupees
<b>9.1.2 Book value of deletions</b>		
Plant and machinery	12,186,331	2,740,932
Vehicles	-	91,008
	<u>12,186,331</u>	<u>2,831,940</u>
<b>9.2 OPERATING FIXED ASSETS - LEASED</b>		
Opening book value	158,705,133	167,175,197
Add: Cost of additions during the period / year	-	-
Less: Depreciation charged during the period / year	4,012,193	8,470,064
Closing book value	<u>154,692,939</u>	<u>158,705,133</u>

## 10 ADVANCE AGAINST PROPERTY

It represents full consideration of Rupees 51.150 million given as advance for purchase of property. The property has not yet been transferred in the Company's name which is in the process of completion of legal formalities. With reference to this advance, the Director (Enforcement) of Securities and Exchange Commission of Pakistan (SECP) vide his order dated 29 November 2007 has imposed a penalty of Rupees 100,000 on each of the director except one nominee director (NIT) for contravention of Section 196(2j) of Companies Ordinance, 1984. Further directions were given under section 473 for transfer of the property in the name of the Company within thirty days from the order date. The Chief Executive of the Company has filed a revision application with the Appellate bench of SECP under section 484 of Companies Ordinance, 1984 against this order on 10 January 2008, which is still pending.

(Un-audited)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2010	31 December 2009	31 December 2010	31 December 2009

(Rupees )

## 11 COST OF SALES

Raw materials consumed	349,515,274	293,321,913	214,600,360	149,884,241
Salaries, wages and other benefits	40,072,746	32,092,329	21,268,027	17,976,080
Staff retirement benefits	808,233	439,829	389,768	221,214
Stores, spare parts and loose tools	13,675,366	9,204,032	7,189,591	5,111,541
Packing materials	7,535,582	7,217,142	3,878,447	3,725,593
Repair and maintenance	4,355,652	-	1,760,458	-
Fuel and power	44,592,840	43,406,291	25,954,279	23,299,235
Insurance	910,475	579,084	455,238	359,672
Depreciation	10,374,871	11,254,281	5,117,952	6,018,641
	<u>471,841,039</u>	<u>397,514,901</u>	<u>280,614,120</u>	<u>206,596,217</u>
Work-in-process:				
Opening stock	16,075,718	13,796,698	16,329,754	14,376,026
Closing stock	(27,576,631)	(19,453,882)	(27,576,631)	(19,453,882)
	<u>(11,500,913)</u>	<u>(5,657,184)</u>	<u>(11,246,877)</u>	<u>(5,077,856)</u>
Cost of goods manufactured	<u>460,340,126</u>	<u>391,857,717</u>	<u>269,367,243</u>	<u>201,518,361</u>
Finished goods:				
Opening stock	7,759,646	34,674,640	3,498,567	32,076,913
Add: Purchases (Yarn)	15,413,000	-	-	-
Closing stock	(55,491,406)	(19,982,792)	(55,491,406)	(19,982,792)
	<u>(32,318,760)</u>	<u>14,691,848</u>	<u>(51,992,839)</u>	<u>12,094,121</u>
Cost of yarn sold	<u>428,021,366</u>	<u>406,549,565</u>	<u>217,374,404</u>	<u>213,612,482</u>
Cost of raw material sold	-	3,659,576	-	3,418,530
Cost of goods sold	<u>428,021,366</u>	<u>410,209,141</u>	<u>217,374,404</u>	<u>217,031,012</u>