

Half Yearly Accounts
December 31, 2010

art &
kraft
two decades of production



Cherat Papersack Limited
A Ghulam Faruque Group Company

introduction



Producing papersack is simple, yet precise.

It is a time sensitive production line. Our clients depend on our timely papersack deliveries to get their production out.

Top of the line equipment, which is continuously updated, top class imported kraft paper, production and quality control have made Cherat Papersack the reliable business partner.

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company information

Board of Directors

Mr. Mohammed Faruque	Chairman
Mr. Amer Faruque	Chief Executive
Mr. Iqbal Faruque	Director
Mr. Mahmood Faruque	Director
Mr. Akbarali Pesnani	Director
Mr. Aslam Faruque	Director
Mr. Shehryar Faruque	Director
Mr. Arif Faruque	Director
Mr. Abrar Hasan	Director

Chief Financial Officer

Mr. Yasir Masood

Company Secretary

Mr. Abid A. Vazir

Audit Committee

Mr. Mohammed Faruque	Chairman
Mr. Iqbal Faruque	Member
Mr. Aslam Faruque	Member

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

Bankers

Allied Bank Ltd.
Bank Al Habib Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
HSBC Bank Middle East Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
National Bank of Pakistan
NIB Bank Ltd.
Soneri Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.
United Bank Ltd.

Share Registrar

Central Depository Company
of Pakistan Limited (CDC)
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahrach-e-Faisal
Karachi-74400

Registered Office

1st Floor, Betani Arcade
Jamrud Road
Peshawar

Factory

Plot No. 26
Gadoon Amazai Industrial Estate
District Swabi
Khyber Pakhtunkhwa

Head Office

Modern Motors House
Beaumont Road
Karachi-75530

Regional Office

3, Sunder Das Road
Lahore

Islamabad Office

Mezzanine Floor
Razia Sharif Plaza
91-Blue Area

directors' review

The Board of Directors presents the un-audited financial results of the company, duly reviewed by the auditors, for the half year ended December 31, 2010

PRODUCTION & SALES

Despite difficult circumstances for business and construction activities in the country, which hampered the cement dispatches and eventually affected the sale of papersacks to the cement plants, a significant improvement was witnessed in the financial performance of the company from the corresponding period last year. Although there was modest decline of 1% in the quantity of bags sold by the company from the last year, this compares favorably with 8% decline in cement sales. The company was able to post an impressive profit during the half year under review.

OPERATING PERFORMANCE

During the half year under review, the sales revenue of the company showed an increase of Rs. 182 million i.e. 20% from the corresponding period last year. The rise in turnover was on account of adjustment in the selling price of paper bags to offset the increase in the cost of production, which had gone up due to rise in the international prices for kraft paper and depreciation of Pak Rupee vis-à-vis Euro. During the period, the company benefited from the special relief granted by the government on mark-up to companies operating in the affected areas of Khyber Pakhtunkhwa Province. The company also benefited from exemption given by the government on income taxes for the years 2010 to 2012.

Through constant monitoring of trade debts and effective financial management, the company was able to lower its working capital requirement, which led to decline in finance cost. Furthermore, in times of rising prices of kraft paper and its limited availability, the company continued to efficiently manage its inventory to control its costs and meet the demand of its customers. Taking into consideration the above with effective measures taken and government incentives, the company earned an after tax profit of Rs. 125.10 million during the six months of the year 2010/11.

POLYPROPYLENE PROJECT

In order to meet the cement packaging requirements of its customers by providing single window operations and diversify its business operations, CPL intends to set up a Polypropylene (PP) bag plant. The plant will be acquired from a European supplier namely M/s. BSW – Windmoller & Holscher and will have a production capacity of approximately 65 million bags per annum. It will be the most advanced and efficient plant of its kind in Pakistan. It will be commissioned at the existing site of the company in Gadoon Amazai, Khyber Pakhtunkhwa Province by October 2011.

There are well defined markets for both paper and PP bags. Whereas, PP bags are mostly preferred in northern and hilly areas of the country and also for exports which involves multiple handling, paper bags are mostly preferred in urban areas because of higher resale value and general public acceptability. By capitalizing on its available financial and operational leverage, the company will be able to make an entry into the PP market segment, which will not only diversify its business operations but will also, give it a strategic edge over other cement bags suppliers as it can offer single window operations. The future strategy of the company would be based on producing best quality bags and capitalizing on its strong relationship with the existing clientele i.e. the cement factories because of papersack operations. Further, exports by sea and encouraging growth in exports to Afghanistan and Central Asian States markets offer a great potential. Export of empty bags to other countries can further improve this situation.

FUTURE PROSPECTS

The performance of the papersack industry is directly linked with the demand for cement. Although the domestic demand for cement remained affected during the period under review owing to factors mentioned earlier, it is likely to pick up for the remaining part of the year. This will benefit the company in the form of enhanced sales volume both in paperbags and in PP bags. As mentioned earlier, shortage of kraft paper in the international markets and the consequent increase in its prices pose a significant challenge. The management is confident of overcoming this challenge with the support of its reliable kraft paper supplier – M/s. Mondi Packaging and efficient inventory management.

ACKNOWLEDGMENT

The management would like to express its gratitude to all financial institutions, individuals, staff members, suppliers and shareholders who have been associated with the company for their continued support and cooperation. It would like to particularly thank its supplier of kraft paper – M/s. Mondi Packaging for their understanding and complete support to the company.

Karachi: February 9, 2011

On behalf of the Board of Directors



MOHAMMED FARUQUE
Chairman

report to the members on review of interim financial information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Cherat Papersack Limited** as at **31 December 2010** and the related condensed interim profit and loss account and condensed interim statements of comprehensive income, cash flows and changes in equity, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months period 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 for interim financial reporting. 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.

Conclusion

Based on our review, 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 for interim financial reporting.

Ernst & Young Ford Brooks/Khatti

Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia

Karachi: February 9, 2011

condensed interim balance sheet

as at December 31, 2010

	Note	December 31, 2010 (Unaudited)	June 30, 2010 (Audited)
(Rupees ` 000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	4	364,419	369,619
Intangible asset	5	4,875	5,143
		<u>369,294</u>	<u>374,762</u>
Long-term investment	6	2,378	2,040
Long-term loans		701	1,128
Long-term deposits		176	176
Deferred taxation	9	8,142	-
		<u>380,691</u>	<u>378,106</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		13,079	13,072
Stock-in-trade	7	767,308	386,135
Trade debts - unsecured, considered good		209,572	229,308
Loans and advances		2,117	1,018
Trade deposits and short-term prepayments		2,508	2,444
Other receivables		17,808	24,596
Taxation - net		66,431	79,019
Cash and bank balances		7,037	7,264
		<u>1,085,860</u>	<u>742,856</u>
TOTAL ASSETS		<u><u>1,466,551</u></u>	<u><u>1,120,962</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
22,500,000 (June 2010: 15,000,000) Ordinary shares of Rs.10/- each		<u>225,000</u>	<u>150,000</u>
Issued, subscribed and paid-up capital	8	114,750	91,800
Reserves		<u>465,973</u>	<u>381,841</u>
		<u>580,723</u>	<u>473,641</u>
NON-CURRENT LIABILITIES			
Long-term financing - secured		75,000	93,750
Deferred taxation	9	-	1,818
		<u>75,000</u>	<u>95,568</u>
CURRENT LIABILITIES			
Trade and other payables		206,919	114,615
Accrued mark-up		22,061	18,943
Short-term borrowings - secured	10	544,348	380,695
Current maturity of long-term financing		37,500	37,500
		<u>810,828</u>	<u>551,753</u>
CONTINGENCIES AND COMMITMENTS			
	11		
TOTAL EQUITY AND LIABILITIES		<u><u>1,466,551</u></u>	<u><u>1,120,962</u></u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.


AMER FARUQUE
 Chief Executive


IQBAL FARUQUE
 Director

condensed interim profit and loss account (unaudited)
for the half year ended December 31, 2010

Note	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	(Rupees `000)		(Rupees `000)	
Turnover - net	1,082,403	900,025	567,532	417,650
Cost of sales	12 (886,606)	(842,839)	(472,401)	(388,028)
Gross profit	195,797	57,186	95,131	29,622
Distribution costs	(11,794)	(11,194)	(6,353)	(6,181)
Administrative expenses	(10,212)	(7,751)	(5,886)	(4,293)
Other operating expenses	13 (12,366)	(436)	(5,536)	(97)
	(34,372)	(19,381)	(17,775)	(10,571)
Other operating income	1,298	1,674	656	1,351
Operating profit	162,723	39,479	78,012	20,402
Finance costs	14 (36,742)	(69,293)	(15,010)	(35,097)
Profit/(loss) before taxation	125,981	(29,814)	63,002	(14,695)
Taxation				
Current	15 (10,836)	(4,506)	(5,682)	(2,093)
Deferred	9,959	14,804	3,317	7,099
	(877)	10,298	(2,365)	5,006
Profit/(loss) after taxation	125,104	(19,516)	60,637	(9,689)
Earnings /(loss) per share - basic and diluted	16 Rs. 10.90	Restated Rs. (1.70)	Rs. 5.28	Restated Re. (0.84)

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.


AMER FARUQUE
Chief Executive


IQBAL FARUQUE
Director

condensed interim statement of comprehensive income (unaudited)
for the half year ended December 31, 2010

	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	(Rupees `000)		(Rupees `000)	
Profit/(loss) after taxation	125,104	(19,516)	60,637	(9,689)
Other comprehensive income:				
Unrealized gain/(loss) on available-for-sale securities	338	(217)	95	(597)
Total comprehensive income for the period	<u>125,442</u>	<u>(19,733)</u>	<u>60,732</u>	<u>(10,286)</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.


AMER FARUQUE
Chief Executive


IQBAL FARUQUE
Director

condensed interim cash flow statement (unaudited)
for the half year ended December 31, 2010

	December 31, 2010	December 31, 2009
	(Rupees `000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	125,981	(29,814)
Adjustments for:		
Depreciation	15,581	15,979
Amortization	268	-
Gain on disposal of operating property, plant and equipment	(12)	(588)
Finance costs	36,742	69,293
	52,579	84,684
	178,560	54,870
(Increase)/decrease in current assets		
Stores, spare parts and loose tools	(7)	925
Stock-in-trade	(381,173)	125,722
Trade debts	19,736	(12,395)
Loans and advances	(1,099)	(1,937)
Trade deposits and short-term prepayments	(64)	(2,779)
Other receivables	6,788	38,418
	(355,819)	147,954
	(177,259)	202,824
Increase/(decrease) in current liabilities		
Trade and other payables	91,865	(23,301)
Cash (used in)/generated from operations	(85,394)	179,523
Long-term loans	427	(33)
Income tax refunded/(paid)	1,752	(19,592)
Net cash (used in)/generated from operating activities	(83,215)	159,898
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(10,398)	(5,363)
Intangible asset	-	(4,169)
Sale proceeds from disposal of operating property, plant and equipment	29	1,320
Proceeds from disposal of investments	-	52,500
Net cash (used in)/generated from investing activities	(10,369)	44,288
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance costs paid	(33,624)	(77,556)
Dividends paid	(17,922)	-
Short-term borrowings	163,653	(117,013)
Long-term financing repaid	(18,750)	(12,500)
Net cash generated from/(used in) financing activities	93,357	(207,069)
Net decrease in cash and cash equivalents	(227)	(2,883)
Cash and cash equivalents at the beginning of the period	7,264	7,905
Cash and cash equivalents at the end of the period	7,037	5,022

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.


AMER FARUQUE
Chief Executive


IQBAL FARUQUE
Director

condensed interim statement of changes in equity (unaudited)
for the half year ended December 31, 2010

	Issued, Subscribed and Paid-up Capital	RESERVES				Total reserves	Total
		Capital reserve - share premium	General reserve	Unapp- ropriated profit	Fair value gain / (loss) on available- for-sale securities		
(Rupees ` 000)							
Balance as at July 01, 2009	91,800	6,800	180,000	100,779	(1,103)	286,476	378,276
Loss for the period	-	-	-	(19,516)	-	(19,516)	(19,516)
Other comprehensive income	-	-	-	-	(217)	(217)	(217)
Total comprehensive income	-	-	-	(19,516)	(217)	(19,733)	(19,733)
Balance as at December 31, 2009	<u>91,800</u>	<u>6,800</u>	<u>180,000</u>	<u>81,263</u>	<u>(1,320)</u>	<u>266,743</u>	<u>358,543</u>
Balance as at July 01, 2010	91,800	6,800	180,000	197,098	(2,057)	381,841	473,641
Profit for the period	-	-	-	125,104	-	125,104	125,104
Other comprehensive income	-	-	-	-	338	338	338
Total comprehensive income	-	-	-	125,104	338	125,442	125,442
Cash dividend for the year ended June 30, 2010 @ Rs.2 per share	-	-	-	(18,360)	-	(18,360)	(18,360)
Issue of bonus shares @ 25% i.e. 1 share for every 4 shares	22,950	-	-	(22,950)	-	(22,950)	-
Balance as at December 31, 2010	<u>114,750</u>	<u>6,800</u>	<u>180,000</u>	<u>280,892</u>	<u>(1,719)</u>	<u>465,973</u>	<u>580,723</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.


AMER FARUQUE
Chief Executive


IQBAL FARUQUE
Director

notes to the condensed interim financial statements (unaudited) for the half year ended December 31, 2010

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public company limited by shares in the year 1989 under the Companies Ordinance, 1984 (the Ordinance). Its main business activity is manufacturing, marketing and sale of paper bags and sacks. The Company's shares are listed on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 1st Floor, Betani Arcade, Jamrud Road, Peshawar, Pakistan.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements are unaudited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 'Interim Financial Reporting'. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2010.

2.2 The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2009 and 2010 and notes forming part thereof have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half year ended December 31, 2009 and 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2010 except as follows:

The Company has adopted the following amended IFRS and related interpretations which became effective during the period:

IAS 32 - Financial Instruments: Presentation - Classification of Right Issues (Amendment)

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

In April 2009, International Accounting Standards Board issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 5 - Non-current assets held for sale and discontinued operations

IFRS 8 - Operating Segments

IAS 1 - Presentation of Financial Statements

IAS 7 - Statement of Cash Flows

IAS 17 - Leases

IAS 36 - Impairment of Assets

IAS 39 - Financial instruments: Recognition and measurement

The adoption of the above standards amendments/improvements and interpretations did not have any effect on these condensed interim financial statements.

notes to the condensed interim financial statements (unaudited)
for the half year ended December 31, 2010

	Note	December 31, 2010 (Unaudited)	June 30, 2010 (Audited)
		(Rupees `000)	
4. PROPERTY, PLANT AND EQUIPMENT			
Opening written down value (WDV)		369,619	389,641
Additions during the period / year	4.1	9,207	14,223
		<u>378,826</u>	<u>403,864</u>
Disposals during the period / year (WDV) - Vehicles		(17)	(1,524)
Depreciation charged during the period / year		(15,581)	(32,721)
		<u>363,228</u>	<u>369,619</u>
Capital work-in-progress - Plant and machinery		1,191	-
		<u>364,419</u>	<u>369,619</u>
4.1 Additions during the period / year			
Leasehold land		1,059	-
Building on leasehold land		-	4,511
Vehicles		7,970	5,694
Power and other installations		-	59
Furniture and fittings		101	2,314
Equipment		77	12
Computers		-	1,633
		<u>9,207</u>	<u>14,223</u>
5. INTANGIBLE ASSET			
Opening balance		5,143	541
Additions during the period / year		-	4,826
		<u>5,143</u>	<u>5,367</u>
Amortization charged during the period / year		(268)	(224)
		<u>4,875</u>	<u>5,143</u>
6. LONG-TERM INVESTMENT			
Available-for-sale securities - Related party			
Ordinary shares of listed company Cherat Cement Company Limited 221,239 (June 30, 2010: 221,239) fully paid ordinary shares of Rs.10/- each		2,378	2,040
7. STOCK-IN-TRADE			
Raw material			
In hand		206,191	85,830
In bonded warehouse		275,260	211,415
In transit		220,712	58,768
		<u>702,163</u>	<u>356,013</u>
Finished goods		65,145	30,122
		<u>767,308</u>	<u>386,135</u>

notes to the condensed interim financial statements (unaudited)
for the half year ended December 31, 2010

8. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

December 31, 2010 (Unaudited)	June 30, 2010 (Audited)	Note	December 31, 2010 (Unaudited)	June 30, 2010 (Audited)
(Rupees ` 000)			(Rupees ` 000)	
4,080,000	4,080,000	Fully paid in cash	40,800	40,800
		Issued as fully paid bonus shares		
5,100,000	5,100,000	Opening balance	51,000	51,000
2,295,000	-	Issued during the period	22,950	-
7,395,000	5,100,000	Closing balance	73,950	51,000
<u>11,475,000</u>	<u>9,180,000</u>		<u>114,750</u>	<u>91,800</u>

9. DEFERRED TAXATION

Deferred tax liability on taxable temporary difference: Accelerated tax depreciation on operating property, plant and equipment	75,290	74,414
Deferred tax asset:		
- Unabsorbed tax losses	(62,659)	(62,659)
- Turnover tax	(20,773)	(9,937)
	<u>(8,142)</u>	<u>1,818</u>

10. SHORT-TERM BORROWINGS - Secured

Running finances utilized under mark-up arrangements	10.1 & 10.2	487,397	286,611
Money Market loan	10.1 & 10.3	35,000	75,000
Foreign currency term finances	10.1	21,951	19,084
		<u>544,348</u>	<u>380,695</u>

10.1 These facilities are obtained from various commercial banks amounting to Rs. 1,130 million (2010: Rs. 1,230 million) out of which Rs. 585.65 million (2010: Rs. 849.31 million) remains unutilized at the period end. These facilities are secured against registered pari-passu hypothecation charge over stocks and book debts for Rs. 1,421.33 million and hypothecation charge of Rs. 140 million on all present and future plant and machinery of the Company.

10.2 These facilities carry mark-up of 1 month KIBOR plus spread of 1.25% and 3 months KIBOR plus spread ranging from 1% to 1.75% (2010: 1 month KIBOR plus spread ranging from 1.25% to 2% and 3 months KIBOR plus spread ranging from 1% to 1.75%) per annum. The balance includes cheques in hand amounting to Rs. 90.96 million (2010: Rs. 98.22 million).

10.3 These are sub facilities of note 10.1 above and carry mark-up of 1 month KIBOR plus spread of 0.8% (2010: 1 month KIBOR plus spread of 0.8% and 3 months KIBOR plus spread of 0.75%) per annum.

notes to the condensed interim financial statements (unaudited)
for the half year ended December 31, 2010

11. CONTINGENCIES AND COMMITMENTS

There are no major changes in the status of contingencies and commitments as reported in the financial statements for the year ended June 30, 2010, except for the following:

	December 31, 2010 (Unaudited)	June 30, 2010 (Audited)
	(Rupees `000)	
Guarantee issued by a commercial bank	1,000	1,000
Letters of credit issued by commercial banks	294,268	246,480
Duties payable on bonded stock and stock in transit	65,735	50,393

12. COST OF SALES

	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	(Rupees `000)		(Rupees `000)	
Opening stock - finished goods	30,122	51,507	55,772	41,330
Cost of goods manufactured	921,629	844,803	481,774	400,169
	951,751	896,310	537,546	441,499
Closing stock - finished goods	(65,145)	(53,471)	(65,145)	(53,471)
	886,606	842,839	472,401	388,028

13. OTHER OPERATING EXPENSES

Note	December 31, 2010	December 31, 2009
	(Rupees `000)	
Auditors' remuneration	528	286
Donations	2,501	150
Workers' Profits Participation Fund	6,766	-
Workers' Welfare Fund	2,571	-
	12,366	436

14. FINANCE COSTS

Mark-up on:			
Long-term financing	14.1	4,582	11,743
Short-term borrowings	14.1	27,916	53,575
		32,498	65,318
Others:			
Exchange loss		4,049	3,690
Guarantee commission		12	4
Bank charges and duties		183	281
		36,742	69,293

14.1 State Bank of Pakistan (SBP) has granted special relief on mark-up to companies operating in the affected areas of Khyber Pakhtunkhwa province vide SMEFD Circular No. 11 of 2010 dated July 01, 2010. As per the circular, mark-up will be charged @ 7.5 % per annum to such companies with effect from January 01, 2010. Accordingly, mark-up charged on long-term financing amounting to Rs. 3.391 million and short-term borrowings amounting to Rs. 9.699 million has been recorded as receivable and finance costs have been reduced accordingly.

notes to the condensed interim financial statements (unaudited)
for the half year ended December 31, 2010

15. TAXATION

The Income of the Company has been exempted from income tax for the tax years 2010, 2011 and 2012 under clause 126F of Part I of second schedule to the Income Tax Ordinance, 2001. However, provision for minimum turnover tax u/s 113 of the Income Tax Ordinance, 2001, has been made in the financial statements.

	Half year ended		Quarter ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
16. EARNINGS/(LOSS) PER SHARE - Basic and diluted				
Profit/(loss) after taxation (Rupees '000)	125,104	(19,516)	60,637	(9,689)
Weighted average number of ordinary shares in issue during the period	11,475,000	Restated 11,475,000	11,475,000	Restated 11,475,000
Earnings/(loss) per share - basic	Rs. 10.90	Rs. (1.70)	Rs. 5.28	Re. (0.84)

There is no dilutive effect on basic earnings per share of the Company.

17. RELATED PARTY TRANSACTIONS

Related parties comprise of group companies, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Material transactions with related parties are given below:

Relationship	Nature of transactions	Half year ended		Quarter ended	
		December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
		(Rupees `000)		(Rupees `000)	
Group companies	Sale of goods	207,505	198,773	116,504	89,192
	Purchase of goods	-	400	-	78
	Services received	6,798	3,344	3,546	2,230
	Software consultancy charges	1,319	1,357	738	630
	Dividend paid	5,121	-	5,121	-
Director	Remuneration	2,862	2,700	1,431	1,350
Executives	Remuneration	11,570	10,684	5,562	5,342
Other related parties	Contribution to staff provident and gratuity funds	799	689	403	345
	Insurance premium	2,612	2,496	1,223	1,252

In addition, certain actual administrative expenses are being shared amongst the group companies.

Transactions with related parties are carried out at arm's length prices determined using the admissible valuation methods.

condensed interim profit and loss account (unaudited)
for the half year ended December 31, 2010

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 9, 2011 by the Board of Directors of the Company.

19. GENERAL

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.


AMER FARUQUE
Chief Executive


IQBAL FARUQUE
Director



GHULAM FARUQUE
GROUP



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