



**In The Name Of Allah
The Merciful
The Compassionate**

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COMPANY INFORMATION

BOARD OF DIRECTORS	Javed Saifullah Khan Anwar Saifullah Khan Osman Saifullah Khan Omar Saifullah Khan Jehangir Saifullah Khan Mrs. Hoor Yousafzai Muhammad Ayub	- Chairman/Chief Executive
AUDIT COMMITTEE	Osman Saifullah Khan Mrs. Hoor Yousafzai Muhammad Ayub	- NIT Nominee - Chairman - Member - Member
CHIEF FINANCIAL OFFICER	Zaheen-ud-Din Qureshi	
COMPANY SECRETARY	Mumtaz H. Chaudhry	
LEGAL ADVISOR	Dr. Pervez Hassan Hassan & Hassan, Advocates Abdul Latif Yousafzai, Advocates	
AUDITORS	M/s Hameed Chaudhri & Co., Chartered Accountants HM House, 7-Bank Square, Lahore Telephone : +92-42-7235084 Fax : +92-42-7235083 E-mail : hcc@pol.com.pk	
BANKERS	Albaraka Islamic Bank B.S.C (E.C) Allied Bank Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Meezan Bank Limited National Bank of Pakistan The Bank of Punjab The Hongkong and Shanghai Banking Corporation United Bank Limited	
HEAD OFFICE	Kulsum Plaza, 4th Floor, 2020 - Blue Area, Islamabad-44000 Telephone : +92-51-2823924, 2829415 Fax : +92-51-2277843, 2822564 E-mail : stm@saifgroup.com	
REGISTERED OFFICE	APTMA House, Tehkal Payan, Jamrud Road, Peshawar Telephone : +92-91-5843870, 5702941 Fax : +92-91-5840273 E-mail : peshawar@saifgroup.com	
SHARES REGISTRAR	M/s Hameed Majeed Associates (Pvt.) Ltd., HM House, 7-Bank Square, Lahore Telephone : +92-42-7235081-7235082 Fax : +92-42-7358817 E-mail : info@hmaconsultants.com	
MILLS	Industrial Estate, Gadoon Amazai, District Sawabi Telephone : +92-938-270313, 270429 Fax : +92-938-270514 E-mail : stmngdn@saifgroup.com	
CYBER	www.saiftextile.com	

DIRECTORS' REVIEW REPORT TO THE MEMBERS

The un-audited financial statements of the company for the Half year ended on December 31, 2008 are being presented to you with the following observations.

FINANCIAL HIGHLIGHTS

Gross profit margin of the company decreased to 4.19% as compared to 11.68% for the corresponding period of last year. This was primarily due to the depressed economic conditions in the domestic and export textiles market that caused demand and prices to fall. The other factors caused unprecedented increase in operating costs were rising energy costs coupled with shortages in the availability of electricity and natural gas, followed by the liquidity crunch in the financial sector world wide which pushed the KIBOR higher resulting in increasing financial costs. Furthermore, volatility in the Rupee – USD parity kept us away from using cheaper USD credit lines leading again to additional financial costs for your company.

Resultantly the company suffered operating loss of Rs. 61.56 million as compared to an operating profit of Rs. 157.91 million for the corresponding period of last year.

GENERAL MARKET CONDITIONS

The prevailing depressed market condition during the half year has badly affected the country. The global financial crisis has badly jolted the Pakistan economy, and the country is going through a severe liquidity crisis. Amongst the major difficulties facing the textile industry are:

- Drastic negative change in parity of PKR versus US Dollars. The exchange loss due to devaluation totaled Rs. 148 million.
- Increase in prices of energy inputs and the shortage of Electricity and Gas in the country.
- Rising interest rates and financial charges.
- Domestic and regional political uncertainty.

FUTURE OUTLOOK

The management is consistently focusing its efforts to increase your company's efficiency and profit margins despite the challenges before us.

The entire domestic manufacturing sector, not just the textile sector is in the midst of a downturn. The primary driver of this downturn is the escalating cost of borrowing, which is fueled by the inability of the government to reduce the fiscal deficit. Unfortunately, so long as the government fails to curtail its own expenditure and the consequent inflation, the State Bank will continue to impose a restrictive monetary policy with crippling results for the textile manufacturing industry.

The electricity deficit is also at an all time high, resulting in frequent power shutdowns causing lower efficiencies and machinery breakdowns. These occur during peak as well as off-peak hours. Increasingly, the supply of natural gas to industrial units is also prone to shutdowns especially in the winter season. The result is that even gas fueled captive power plants cannot provide the standby economic benefits that they were installed for.

Unless the government provides the regulatory, infrastructure and operational framework for enabling Pakistan's textile industry to become cost competitive, the country will continue to lose market share to textile manufacturers in China, India and Bangladesh with a negative effect on our country's balance of trade.

Measures need to be taken immediately to reduce financial, power and energy costs. Negotiations for free trade and greater market access with the EU and the USA need to be concluded on favorable terms as soon as possible.

The management requests the State Bank of Pakistan (SBP) to issue a policy framework and guide lines to the financial institution which would support the manufacturing sector during the current global economic situation.

Steps must be taken to stave off the economic crisis, and in such a situation, all financial institutions look to the central bank for leadership and guidance. The SBP can authorize financial institutions to allow a minimum two-year moratorium on corporate debt and extend the repayment schedule of loans.

The management further requests the SBP to extend the Export Refinance Scheme to the entire spinning sector and permit a reasonable mark-up subsidy on Long Term and Working Capital loans so that Pakistani producers can be competitive with manufacturers in China, India and Bangladesh.

Your company's management is cognizant of the rising degree of leverage of the Company and is in the process of negotiating with the lender for the conversion of at least fifty percent of the foreign currency loan into a subordinate loan and a two year rescheduling for the payment of the balance foreign currency loan.

In addition we have also requested our domestic financial institutions to allow an 18-month moratorium on the repayments of the principal amounts.

ACKNOWLEDGMENT

The Board places on record its appreciation for the support of our bankers and our valued customers. We would also like to highlight the hard work put in by the members of our corporate family. We look forward to the same dedication and cooperation in the days ahead.

For and on behalf of the Board

Place : Islamabad
Dated : 25 February, 2009

ANWAR SAIFULLAH KHAN
Director

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **SAIF TEXTILE MILLS LIMITED** as at 31 December, 2008 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half-year 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 approved accounting standards as applicable in Pakistan. 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 for the quarters ended 31 December, 2008 and 2007 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended 31 December, 2008.

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 as of and for the half-year ended 31 December, 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Place : Lahore
Dated : 25 February, 2009

HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER, 2008

	Note	Un-audited 31 Dec., 2008 (Rupees in thousand)	Audited 30 June, 2008
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>300,000</u>	<u>300,000</u>
Issued, subscribed and paid-up capital		264,129	264,129
Reserves		265,981	265,981
Unappropriated profit		<u>5,225</u>	<u>340,518</u>
		535,335	870,628
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		100,349	103,754
NON-CURRENT LIABILITIES			
Long term financing	6	1,178,296	1,291,185
Liabilities against assets subject to finance lease		2,958	3,173
Long term deposits		1,548	1,696
Deferred liability - staff retirement benefits		<u>33,170</u>	<u>31,947</u>
		1,215,972	1,328,001
CURRENT LIABILITIES			
Trade and other payables		206,579	238,170
Accrued mark-up and financial charges		70,702	34,274
Short term borrowings		1,897,594	1,478,612
Current portion of:			
- long term financing	6	337,777	239,377
- liabilities against assets subject to finance lease		<u>633</u>	<u>593</u>
		2,513,285	1,991,026
CONTINGENCIES AND COMMITMENTS			
	7	<u>4,364,941</u>	<u>4,293,409</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,131,520	2,194,375
Intangible assets		723	910
Long term loans		1,805	2,401
Long term deposits		7,476	7,476
Deferred taxation	9	<u>152,856</u>	<u>99,871</u>
		2,294,380	2,305,033
CURRENT ASSETS			
Stores, spare parts and loose tools		59,988	51,263
Stock-in-trade		1,096,898	911,516
Trade debts	10	671,855	892,083
Loans and advances		39,905	26,252
Trade deposits and short term prepayments		10,888	3,984
Due from Associated Companies		119,164	40,123
Other receivables	11	15,474	832
Investments		6,219	17,122
Deposit for shares	12	0	0
Taxation - net		10,773	10,815
Taxes refundable		29,085	29,494
Cash and bank balances		<u>10,312</u>	<u>4,892</u>
		2,070,561	1,988,376
		<u>4,364,941</u>	<u>4,293,409</u>

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

The Chief Executive is out of Pakistan and in his absence these financial statements have been signed by two Directors as required under section 241 (2) of the Companies ordinance, 1984.

ANWAR SAIFULLAH KHAN
Director

HOOR YOUSAFZAI
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF-YEAR ENDED 31 DECEMBER, 2008
(UN-AUDITED)**

	For the 2nd Quarter		Cumulative	
	Oct. - Dec. 2008	Oct. - Dec. 2007	Jul. - Dec. 2008	Jul. - Dec. 2007
------(Rupees in thousand)-----				
SALES				
Local	603,407	881,207	1,298,316	,478,635
Export	149,997	343,255	332,018	668,180
	<u>753,404</u>	<u>1,224,462</u>	<u>1,630,334</u>	<u>2,146,815</u>
COST OF SALES	<u>732,326</u>	<u>1,098,150</u>	<u>1,561,999</u>	<u>1,896,101</u>
GROSS PROFIT	<u>21,078</u>	<u>126,312</u>	<u>68,335</u>	<u>250,714</u>
DISTRIBUTION COST	41,487	32,740	67,850	56,762
ADMINISTRATIVE EXPENSES	27,868	21,686	52,121	38,256
OTHER OPERATING EXPENSES 13	5,170	(631)	10,407	697
	<u>74,525</u>	<u>53,795</u>	<u>130,378</u>	<u>95,715</u>
	<u>(53,447)</u>	<u>72,517</u>	<u>(62,043)</u>	<u>154,999</u>
OTHER OPERATING INCOME	(141)	2,573	483	2,911
OPERATING (LOSS) / PROFIT	<u>(53,588)</u>	<u>75,090</u>	<u>(61,560)</u>	<u>157,910</u>
FINANCE COST 14	98,178	68,700	173,040	145,723
	<u>(151,766)</u>	<u>6,390</u>	<u>(234,600)</u>	<u>12,187</u>
EXCHANGE FLUCTUATION LOSS 15	46,074	0	148,050	0
(LOSS) / PROFIT BEFORE TAXATION	<u>(197,840)</u>	<u>6,390</u>	<u>(382,650)</u>	<u>12,187</u>
TAXATION				
- Current	16 2,934	6,144	4,749	10,734
- Prior year	4,284	151	4,284	151
- Deferred	9 (14,879)	(19,013)	(52,985)	(30,513)
	<u>(7,661)</u>	<u>(12,718)</u>	<u>(43,952)</u>	<u>(19,628)</u>
(LOSS) / PROFIT FOR THE PERIOD	<u>(190,179)</u>	<u>19,108</u>	<u>(338,698)</u>	<u>31,815</u>
------(Rupees in thousand)-----				
(LOSS) / EARNINGS PER SHARE	<u>(7.20)</u>	<u>0.72</u>	<u>(12.82)</u>	<u>1.20</u>

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

The Chief Executive is out of Pakistan and in his absence these financial statements have been signed by two Directors as required under section 241 (2) of the Companies ordinance, 1984.

ANWAR SAIFULLAH KHAN
Director

HOOR YOUSAFZAI
Director

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER, 2008 (UN-AUDITED)

	Half-year ended	
	31 Dec., 2008	31 Dec., 2007
(Rupees in thousand)		
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit for the period - before taxation	(382,650)	12,187
Adjustments for non-cash and other charges:		
Depreciation and amortisation	78,824	83,408
Gain on disposal of operating fixed assets - net	(37)	(198)
Staff retirement benefits - gratuity (net)	1,223	3,319
Finance cost (excluding bank charges)	169,518	144,436
Exchange fluctuation loss on long term financing	105,200	0
Adjustment on re-measurement of investments to fair value - net	10,098	61
CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES		
- Before working capital changes	(17,824)	243,213
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(8,725)	(7,254)
Stock-in-trade	(185,382)	(220,437)
Trade debts	220,228	105,804
Loans and advances	(13,653)	(9,707)
Trade deposits and short term prepayments	(6,904)	(6,263)
Due from Associated Companies	(79,041)	2,007
Other receivables	(14,642)	751
Taxes refundable	409	2,269
(Decrease) / increase in trade and other payables	(31,591)	73,388
	(119,301)	(59,442)
CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES - Before taxation	(137,125)	183,771
Income tax paid	(8,991)	(11,037)
CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES - After taxation	(146,116)	172,734
Long term loans	596	(18)
Long term deposits	(148)	47
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	(145,668)	172,763
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(21,663)	(31,315)
Sale proceeds of operating fixed assets	5,918	1,127
Investments - net	805	1,044
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(14,940)	(29,144)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing	(119,689)	(120,841)
Liabilities against assets subject to finance lease	(175)	(40)
Short term borrowings - net	418,982	130,034
Dividend paid	0	(32)
Finance cost paid	(133,090)	(149,161)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	166,028	(140,040)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,420	3,579
CASH AND CASH EQUIVALENTS - At the beginning of the period	4,892	3,154
CASH AND CASH EQUIVALENTS - At the end of the period	10,312	6,733

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

The Chief Executive is out of Pakistan and in his absence these financial statements have been signed by two Directors as required under section 241 (2) of the Companies ordinance, 1984.

ANWAR SAIFULLAH KHAN
Director

HOOR YOUSAFZAI
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER, 2008
(UN-AUDITED)**

	Reserves			Unappropriated profit	Total	
	Share Capital	Capital	Revenue			Sub-total
————— Rupees in thousand —————						
Balance as at 30 June, 2007	264,129	115,981	150,000	265,981	372,933	903,043
Profit for the half-year ended 31 December, 2007	0	0	0	0	31,815	31,815
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation - net of deferred taxation	0	0	0	0	3,654	3,654
Balance as at 31 December, 2007	264,129	115,981	150,000	265,981	408,402	938,512
Loss for the half-year ended 30 June, 2008	0	0	0	0	(71,539)	(71,539)
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation - net of deferred taxation	0	0	0	0	3,655	3,655
Balance as at 30 June, 2008	264,129	115,981	150,000	265,981	340,518	870,628
Loss for the half-year ended 31 December, 2008	0	0	0	0	(338,698)	(338,698)
Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation - net of deferred taxation	0	0	0	0	3,405	3,405
Balance as at 31 December, 2008	264,129	115,981	150,000	265,981	5,225	535,335

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

The Chief Executive is out of Pakistan and in his absence these financial statements have been signed by two Directors as required under section 241 (2) of the Companies ordinance, 1984.

ANWAR SAIFULLAH KHAN
Director

HOOR YOUSAFZAI
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF-YEAR ENDED 31 DECEMBER, 2008
(UN-AUDITED)**

1. Saif Textile Mills Limited (the Company) is a Public Limited Company incorporated in Pakistan on 24 December, 1989 under the Companies Ordinance, 1984 and its shares are quoted on all the Stock Exchanges of Pakistan. The Company is principally engaged in manufacture and sale of yarn. The Company's Mills are located in Industrial Estate, Gadoon Amazai, District Sawabi and the registered office of the Company is located at APTMA House, Tehkal Payan, Jamrud Road, Peshawar.
2. This condensed interim financial information is un-audited and is being submitted to the members as required by section 245 of the Companies Ordinance, 1984. The condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting) and has been reviewed by the external Auditors as required by the Code of Corporate Governance.
3. The condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the preceding published annual financial statements of the Company for the year ended 30 June, 2008.
4. The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of the preceding published annual financial statements of the Company for the year ended 30 June, 2008.
5. The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgements made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 30 June, 2008.

6. LONG TERM FINANCES

Loans from banking companies - secured

	Un-audited 31 Dec., 2008 (Rupees in thousand)	Audited 30 June, 2008
Faysal Bank Limited:		
- murabaha finance - I	92,755	108,664
- murabaha finance - II	75,000	90,000
United Bank Limited:		
- demand finance - I	50,000	62,500
- demand finance - II	43,118	53,898
The Bank of Punjab:		
- demand finances	48,000	56,000
Habib Bank Limited:		
- demand finance - I	195,000	227,500
- demand finance - II	225,000	250,000
Others		
Aqua Nominees Limited - London		
- demand finance	787,200	682,000
	<u>1,516,073</u>	<u>1,530,562</u>
	<u>337,777</u>	<u>239,377</u>
Less: current portion grouped under current liabilities	<u>1,178,296</u>	<u>1,291,185</u>

7. CONTINGENCIES AND COMMITMENTS

- 7.1** The Company had imported textile plant & machinery availing exemption from customs duty and sales tax on importation thereof under SROs 554(1)/98 and 987(1)/99. In case conditions of the aforementioned SROs are violated, the amounts of customs duty and sales tax exempted aggregating Rs. 151.014 million shall be recoverable by the Customs Authorities along with penalties under section 202 of the Customs Act, 1969.
- 7.2** Faysal Bank Limited, on behalf of the Company, has issued an inland bank guarantee of Rs.28.987 million (30 June, 2008: Rs.28.987 million) in favour of Sui Northern Gas Pipelines Ltd. The guarantee is secured against ranking charge for Rs.40 million on all present and future fixed assets of the Company.

7.3	Commitments for letters of credit outstanding at the period / year-end were as follows:	Note	Un-audited	Audited
			31 Dec., 2008	30 June,2008
			(Rupees in thousand)	
	- capital expenditure		0	1,058
	- others		5,238	64,341
			5,238	65,399

8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	8.1	2,124,418	2,187,287
Capital work-in-progress		260	1,675
Store held for capital expenditure		6,842	5,413
		2,131,520	2,194,375

8.1 Operating fixed assets - tangible

	Un-audited	Audited
	Half-year ended 31 Dec., 2008	Year ended 30 June,2008
(Rupees in thousand)		
Opening book value	2,187,287	2,019,828
Additions during the period / year:		
- buildings on leasehold land	177	14,612
- plant and machinery	14,424	291,310
- generators	239	2,975
- electric installations	0	15,627
- air-conditioning equipment	0	1,829
- furniture & fixtures	242	927
- office equipment	293	885
- telephone installations	120	579
- weighing scales	0	39
- fire extinguishing equipment	0	79
- vehicles:		
owned	6,154	3,508
leased	0	2,941
	21,649	335,311
Book value of assets disposed-off during the period / year	(5,881)	(929)
Depreciation charge for the period / year	(78,637)	(166,923)
Closing book value	2,124,418	2,187,287

9. DEFERRED TAXATION

	Note	Un-audited 31 Dec., 2008 (Rupees in thousand)	Audited 30 June, 2008
Deferred tax asset comprises of temporary differences arising due to:			
Debit balances arising in respect of:			
- unused tax losses	9.1	427,713	323,924
- provision for doubtful deposit for shares		2,787	2,437
- lease finances		334	270
- staff retirement benefits - gratuity		9,245	7,786
- minimum tax recoverable against normal tax charge in future years		68,823	77,406
		508,902	411,823
Credit balances arising in respect of:			
- accelerated tax depreciation allowances		313,048	273,060
- surplus on revaluation of property, plant and equipment		42,998	38,892
		356,046	311,952
		152,856	99,871

9.1 Deferred tax asset has been recognised based on the projections prepared by the management indicating reasonable probability that taxable profits will be available in the foreseeable future against which the unused tax losses will be utilised.

10. TRADE DEBTS

Unsecured - considered good			
- local		370,176	462,746
Secured			
- export bills	10.1	281,804	414,418
- local		19,875	14,919
		671,855	892,083

10.1 These include due from Mediterranean Textile Company (S.A.E.) - an Associated Company - amounting Rs. 16.114 million (30 June, 2008:Rs.Nil).

11. OTHER RECEIVABLES

These include interest rate difference amounting Rs.12,334 thousand (30 June, 2008: Rs.260 thousand) as per the terms of cross currency interest rate swap agreement entered into with United Bank Limited during the preceding year.

12. DEPOSIT FOR SHARES

There has been no change in the status of the Company's complaint filed before the Wafaqi Muhtasib for recovery of this deposit along with penalty since the date of preceding published financial statements of the Company for the year ended 30 June, 2008.

13. OTHER OPERATING EXPENSES

Expense for the current period represents loss arisen on sale and measurement of investment to fair value.

14. FINANCE COST - Net

	July - Dec. 2008	Cumulative July - Dec. 2007
(Rupees in thousand)		
Mark-up on:		
- long term financing	76,585	72,221
- short term borrowings	111,513	70,449
Lease finance charges	248	1
Bank and other charges	3,522	3,052
Gain on cross currency interest rate swap agreement	(18,828)	0
	173,040	145,723

15. EXCHANGE FLUCTUATION LOSS

Exchange fluctuation loss on:		
- foreign currency financing	105,200	0
- cross currency interest rate swap agreement	28,253	0
- others - net	14,597	0
	148,050	0

16. TAXATION

Provision for the current period represents tax on income chargeable under the Final Tax Regime; provision for the corresponding period represented minimum tax on turnover due under section 113 of the Income Tax Ordinance, 2001.

17. TRANSACTIONS WITH RELATED PARTIES

17.1 Aggregate transactions made during the period with Associated Companies were as follows:

	Cumulative	
	July - Dec. 2008	July - Dec. 2007
	(Rupees in thousand)	
- sale of fixed assets	1,401	0
- purchase of fixed assets	85	0
- sale of goods and services	112,531	76,167
- purchase of goods and services	24,076	451,012

17.2 Trade and other payables include due to Associated Companies aggregating Rs.2,684 thousand (30 June, 2008: Rs.Nil).

17.3 No other transactions, other than remuneration and benefits to key management personnel under the terms of their employment, were executed with other related parties during the period.

17.4 Sales, purchases and other transactions with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method except for the allocation of expenses relating to combined offices shared with the Associated Companies, which are on the actual basis.

18. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 25 February, 2009.

19. GENERAL

- Figures in the condensed interim financial information have been rounded-off to the nearest thousand Rupees except stated otherwise.
- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison; however, no material rearrangements / reclassifications have been made in this condensed interim financial information.

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

The Chief Executive is out of Pakistan and in his absence these financial statements have been signed by two Directors as required under section 241 (2) of the Companies ordinance, 1984.

ANWAR SAIFULLAH KHAN
Director

HOOR YOUSAFZAI
Director