

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Sazgar Engineering Works Limited



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SAZGAR ENGINEERING WORKS LIMITED

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
Mr. Ishtiaq Ahmed Roomi	Director
Mrs. Khadija Nilofer Ishtiaq	Director

BOARD AUDIT COMMITTEE

Mr. Ishtiaq Ahmed Roomi	Chairman
Mr. Mian Zafar Hameed	Member
Mr. Mian Muhammad Ali Hameed	Member
Mr. Arshad Mahmood	Secretary

COMPANY SECRETARY

Arshad Mahmood

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
Atlas Bank Limited

NIB Bank

REGISTERED OFFICE

171- Ali Town, Thokar Niaz
Raiwind Road, Lahore.

FACTORY

18-KM, Raiwind Road, Lahore.

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, 2010:

Brief overview:

ALHAMDULILLAH, the half year results are showing a tremendous performance of your Company under the present business conditions. The company produced highest volume of Auto Rickshaws during this period. The market size of Auto Rickshaw is increasing and your company is making full efforts to avail this opportunity. The results so far are encouraging.

Financial Results:

During the 2nd quarter, the net sales has increased by 64.33% from Rs. 433.73 M to Rs. 712.74 M, gross profit by 61.99% from Rs. 47.92 M to Rs. 77.62 M and pre-tax profit by 105.44% from Rs. 20.14 M to Rs. 41.37 M compared with corresponding period of last year.

Cumulatively for six months, the net sales has increased by 46.86% from Rs. 810.39 M to Rs. 1.19 Billion, gross profit by 37.22% from Rs. 93.93 M to Rs. 128.89 M, and pre-tax profit by 47.51% from Rs. 46.08 M to profit of Rs. 67.97 M showing a substantial improvement in financial position of the Company compared with the corresponding period of last year.

Production:

During the 2nd quarter and cumulatively six months, the Company produced 4,648 & 7,599 units of CNG 4-stroke Auto Rickshaws whereas during the corresponding periods of last year, the production was 2,485 and 4,831 units respectively showing a substantial increase in production capacity utilization of the plant.

The production of wheel rims was 23,301 & 42,392 in 2nd quarter and cumulatively six months whereas the production of wheel rims during the same corresponding periods was 32,963 and 57,920 respectively. The decline in production was on account of decreased orders placed by the tractor assemblers.

Export Business:

The Company has received a positive response from the foreign buyers' of Auto Rickshaws and Tractor Wheel Rim. During the period company made exports to Sri Lanka and UAE.

Interim Cash Dividend:

The directors of your company are pleased to declare an interim cash dividend of Re 1.00 per ordinary share i.e. 10%.

Future Outlook:

The Company is constantly improving the quality of product to remain ahead of the competition. Provided that the political, law & order and economic conditions of the country are not deteriorated further, good business volume is expected in the future periods by the Grace of Almighty Allah.

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 reposed in your Company.

For and on behalf of the Board



Mian Asad Hameed
(Chief Executive)

Lahore
Dated: 22-02-2011

SAZGAR ENGINEERING WORKS LIMITED
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, 2010 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming parts thereof (here-in-after referred to as the "interim financial information") for the six months' period then ended. Management is responsible for the preparation and fair 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.

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 condensed interim financial information as at and for the six-months period ended December 31, 2010, is not prepared in all material respects, in accordance with the approved accounting standards as applicable in Pakistan relating to interim financial reporting.

The figures of the condensed interim profit and loss account for the quarter ended December 31, 2010 and December 31, 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

February 22, 2011
Lahore.

KABANI AND COMPANY.
Chartered Accountants
Younus Kamran

SAZGAR ENGINEERING WORKS LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2010

CAPITAL AND LIABILITIES		December 31,	June 30,
SHARE CAPITAL AND RESERVES		2010	2010
	Note	Rupees	Rupees
Authorized share capital			
50,000,000 (June 30, 2010: 50,000,000)			
ordinary shares of Rupees 10 each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up share capital	4	149,769,730	124,808,110
Revenue Reserve - Unappropriated Profit		<u>238,899,864</u>	<u>234,845,631</u>
		<u>388,669,594</u>	<u>359,653,741</u>
NON CURRENT LIABILITIES			
Long term financing		-	1,800,000
Liabilities against assets subject			
to finance lease		3,205,544	956,684
Deferred liabilities		53,619,144	49,326,725
CURRENT LIABILITIES			
Trade and other payables		<u>314,388,747</u>	<u>229,780,882</u>
Mark-up accrued on			
loans and other payables		3,261,666	2,149,160
Short term Borrowings		63,704,460	71,558,442
Current Portion of long term liabilities		4,902,015	5,952,328
Taxation--net		<u>31,964,584</u>	<u>34,674,703</u>
		418,221,471	344,115,515
CONTINGENCIES AND COMMITMENTS	5	-	-
TOTAL EQUITY AND LIABILITIES		<u>863,715,753</u>	<u>755,852,665</u>
ASSETS			
NON CURRENT ASSETS			
Property, Plant and Equipment	6	234,771,571	230,540,030
Intangible Assets	7	787,173	945,378
LONG TERM LOANS AND ADVANCES		2,193,700	1,482,700
LONG TERM DEPOSITS		814,137	1,132,137
CURRENT ASSETS			
Stores, spares and loose tools		<u>9,776,878</u>	<u>4,580,530</u>
Stock in trade		335,120,869	308,230,133
Trade debts		93,738,012	89,003,305
Loans & Advances		20,015,117	12,932,933
Trade deposits and short term prepayments		88,817,035	45,912,898
Other receivables		41,082,307	52,212,162
Cash and bank balances		<u>36,598,954</u>	<u>8,880,459</u>
		625,149,172	521,752,420
Total Assets		<u>863,715,753</u>	<u>755,852,665</u>

The annexed notes from 1 to 15 form an integral part of these 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 QUARTER AND HALF YEAR ENDED DECEMBER 31, 2010

		Oct-Dec 2010	Oct-Dec 2009	Jul-Dec 2010	Jul-Dec 2009
	Note	Rupees	Rupees	Rupees	Rupees
SALES - Net	8	712,742,916	433,727,595	1,190,118,654	810,392,984
COST OF SALES	9	635,122,979	385,811,394	1,061,231,311	716,465,720
GROSS PROFIT		<u>77,619,937</u>	<u>47,916,201</u>	<u>128,887,343</u>	<u>93,927,264</u>
Distribution cost		16,241,111	10,459,123	24,631,762	18,131,288
Administrative expenses		12,853,803	11,141,478	23,193,861	19,876,025
Other operating expenses		3,219,043	1,619,595	5,210,107	3,547,002
		<u>32,313,957</u>	<u>23,220,196</u>	<u>53,035,730</u>	<u>41,554,315</u>
		<u>45,305,980</u>	<u>24,696,005</u>	<u>75,851,614</u>	<u>52,372,949</u>
Other operating Income		71,163	190,926	125,249	429,665
		<u>45,377,143</u>	<u>24,886,931</u>	<u>75,976,863</u>	<u>52,802,614</u>
Finance Cost		4,003,053	4,747,864	8,001,815	6,720,855
PROFIT BEFORE TAXATION		<u>41,374,090</u>	<u>20,139,067</u>	<u>67,975,048</u>	<u>46,081,759</u>
TAXATION	10	16,635,813	10,652,636	26,489,722	20,255,801
PROFIT AFTER TAXATION		<u><u>24,738,277</u></u>	<u><u>9,486,431</u></u>	<u><u>41,485,326</u></u>	<u><u>25,825,958</u></u>
EARNINGS PER SHARE-BASIC & DILUTED	11	<u><u>1.65</u></u>	<u><u>0.63</u></u>	<u><u>2.77</u></u>	<u><u>1.72</u></u>

The annexed notes from 1 to 15 form an integral part of these 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 QUARTER AND HALF YEAR ENDED DECEMBER 31, 2010

	Oct-Dec 2010 Rupees	Oct-Dec 2009 Rupees	Jul-Dec 2010 Rupees	Jul-Dec 2009 Rupees
Net Profit after taxation	24,738,277	9,486,431	41,485,326	25,825,958
Other Comprehensive income for the period				
Income Tax effect of translation of foreign operations	15,118	-	11,338	-
Total Comprehensive income for the period	24,753,395	9,486,431	41,496,664	25,825,958

The annexed notes from 1 to 15 form an integral part of these 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, 2010

	Six months to Dec. 2010 Rupees	Six months to Dec. 2009 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	67,975,048	46,081,759
Adjustment for non cash charges and other items:		
Depreciation	7,750,456	8,010,195
Amortization	371,781	311,916
Provision for gratuity	4,936,560	3,939,877
Financial and other charges	13,076,922	10,142,857
Other Income	(141,948)	(428,678)
	<u>25,993,770</u>	<u>21,976,167</u>
Effect on cash flow due to working capital changes	93,968,819	68,057,926
(Increase)/decrease in current assets		
Stores, spares and loose tools	(5,196,348)	(1,490,422)
Stock-in-trade	(26,890,736)	(120,446,755)
Trade debts	(4,734,707)	(6,631,239)
Loans and Advances	(7,082,184)	(1,433,277)
Trade deposits and short term prepayments	(42,904,137)	6,107,422
Other receivables	1,954,070	(3,688,602)
Increase/(Decrease) in current liabilities		
Trade and other payables	80,986,716	29,849,718
Increase in long term loans and advances	(711,000)	(1,280,000)
	<u>(4,578,327)</u>	<u>(99,013,155)</u>
Cash generated from/ (used in) operations	89,390,492	(30,955,229)
Financial charges paid	(6,889,309)	(4,442,543)
Income tax paid/deducted at source	(21,605,414)	(20,328,587)
Employees retirement benefit - Gratuity	(750,960)	(465,140)
Net cash inflow/ (outflow) from operating activities	60,144,810	(56,191,499)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, Plant and Equipment	(7,295,703)	(11,910,876)
Decrease in long term security deposits	318,000	2,320
Sale Proceed from sale of fixed assets	-	592,116
Security deposits with leasing companies	(724,050)	(360,150)
Net cash used in investing activities	(7,701,753)	(11,676,590)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term financing	(1,800,000)	(1,200,000)
Proceeds of short term borrowings	146,469,608	78,600,000
Repayment of short term borrowings	(143,559,617)	(71,548,200)
Repayment of finance lease	(3,955,196)	(4,495,094)
Proceeds from finance lease	4,102,950	-
Dividend paid	(12,235,254)	-
Net cash inflow/(outflow) from financing activities	(10,977,509)	1,356,706
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	41,465,547	(66,511,383)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	(5,511,539)	19,832,563
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>35,954,008</u>	<u>(46,678,820)</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.


MIAN ASAD HAMEED
 CHIEF EXECUTIVE

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SAEED IQBAL KHAN
 DIRECTOR

SAZGAR ENGINEERING WORKS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	Share Capital Rupees	Un-appropriated Profit Rupees	Total Rupees
Balance as at June 30, 2009	104,006,760	207,643,396	311,650,156
Issuance of Bonus Shares	20,801,350	(20,801,350)	—
Total Comprehensive Income for the half-year ended December 31, 2009	—	25,825,958	25,825,958
Balance as at December 31, 2009	<u>124,808,110</u>	<u>212,668,004</u>	<u>337,476,114</u>
Total Comprehensive Income for the half year ended June 30, 2010	—	22,177,627	22,177,627
Balance as at June 30, 2010	<u>124,808,110</u>	<u>234,845,631</u>	<u>359,653,741</u>
Final Dividend for the year ended June 30, 2010 @ Re. 1.00 per share	—	(12,480,811)	(12,480,811)
Issuance of bonus shares	24,961,620	(24,961,620)	—
Total Comprehensive Income for the half year ended December 31, 2010	—	41,496,664	41,496,664
Balance as at December 31, 2010	<u><u>149,769,730</u></u>	<u><u>238,899,864</u></u>	<u><u>388,669,594</u></u>

The annexed notes from 1 to 15 form an integral part of these 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, 2010

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.

2- STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the annual preceding published accounts of the Company for the year ended June 30, 2010.

Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the Company's operations or did not have any impact on the accounting policies of the Company.

3- BASIS OF PREPARATION

These condensed interim financial statements are un-audited but subject to limited scope review by the auditors as required by the Code of Corporate Governance and have been prepared in accordance with the requirements of International Accounting Standard, IAS-34 "Interim Financial Reporting" and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

4- ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

Dec 31, 2010 Number	June 30, 2010 Number		Dec 31, 2010 Rupees	June 30, 2010 Rupees
7,163,000	7,163,000	Ordinary shares of Rupees 10 each fully paid up in cash.	71,630,000	71,630,000
7,813,973	5,317,811	Ordinary shares of Rupees 10 each allotted as bonus shares	78,139,730	53,178,110
<u>14,976,973</u>	<u>12,480,811</u>		<u>149,769,730</u>	<u>124,808,110</u>

5- CONTINGENCIES AND COMMITMENTS

A. Contingencies

There is no change in the contingent liabilities of the Company since the last annual balance sheet date except the following:

The cases initiated by the DCIR for tax years 2004 and 2005 under section 161/ 205 for tax demand of Rs. 588,391 and Rs. 1,430,291 respectively, have been decided by the CIR (Appeals) in favour of the Company. The department has filed appeals with ATIR against these orders. In the opinion of the tax consultant, favourable outcome of these appeals is expected, hence no provision is made in these accounts.

SAZGAR ENGINEERING WORKS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010

B. Commitments

The facilities for opening Letters of Credits and Guarantees as at December 31, 2010 in aggregate were Rs. 140.00 million and Rs. 8.00 million respectively (June 30, 2010: Rs. 70.00 million and Rs. 8.04 million respectively) of which the amount utilized as at December 31, 2010 were Rs. 138.70 million and Rs. Nil respectively. (June 30, 2010 were Rs. 55.95 million and Rs. Nil respectively).

	Note	Dec 31, 2010 Rupees	June 30, 2010 Rupees
6- PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets-Tangible	6.1	221,337,906	222,297,360
Capital work in progress		13,433,666	8,242,670
		<u>234,771,571</u>	<u>230,540,030</u>
6.1-OPERATING FIXED ASSETS-TANGIBLE			
Opening book value		222,297,360	218,278,804
Add: Additions during the period:			
- Land		-	7,578,000
- Building		1,010,937	3,677,957
- Plant and machinery		630,612	2,986,159
- Electric fittings		75,950	199,350
- Furniture and fixture		62,500	25,017
- Office equipments		184,003	395,439
- Electric installations		-	608,075
- Vehicles		4,827,000	5,622,754
		6,791,002	21,092,751
Less: Depreciation charged during the period		7,750,456	16,320,556
Deletions during the period (WDV)		-	753,639
		7,750,456	17,074,195
Closing book value		<u>221,337,906</u>	<u>222,297,360</u>
7- INTANGIBLE ASSETS			
Opening book value		945,378	1,105,470
Add: additions during the period		213,576	466,430
		1,158,954	1,571,900
Less: amortization charged during the period		371,781	626,522
Closing book value		<u>787,173</u>	<u>945,378</u>

SAZGAR ENGINEERING WORKS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	Oct-Dec 2010 Rupees	Oct-Dec 2009 Rupees	Jul-Dec 2010 Rupees	Jul-Dec 2009 Rupees
8- SALES - NET				
Gross sales	851,655,941	518,926,823	1,425,621,514	970,920,361
Less: Sales tax	128,730,026	76,139,843	215,236,231	141,105,930
Sales returns	2,634,377	3,090,508	3,464,079	7,576,241
	<u>131,364,403</u>	<u>79,230,351</u>	<u>218,700,310</u>	<u>148,682,171</u>
	720,291,538	439,696,472	1,206,921,204	822,238,189
Less: Commission	7,548,622	5,968,877	16,802,550	11,845,205
Net sales	<u>712,742,916</u>	<u>433,727,595</u>	<u>1,190,118,654</u>	<u>810,392,984</u>
9- COST OF SALES				
Raw materials and components consumed	597,509,481	326,542,741	979,161,834	628,649,568
Salaries, wages and other benefits	29,654,583	26,038,938	54,574,895	50,276,740
Stores, spares and loose tools consumed	3,219,770	7,514,775	10,457,285	12,473,439
Power and fuel charges	9,642,292	11,718,310	17,567,009	19,339,192
Repair and maintenance	7,224,553	3,540,693	10,395,471	8,347,995
Other expenses	950,110	1,249,943	1,868,710	2,269,983
Depreciation and Amortisation	3,269,117	3,321,286	6,394,351	6,589,084
	<u>651,469,907</u>	<u>379,926,686</u>	<u>1,080,419,555</u>	<u>727,946,001</u>
Opening work-in-process	23,490,352	20,556,155	17,327,713	21,179,856
Closing work-in-process	(23,510,186)	(6,269,290)	(23,510,186)	(6,269,290)
Cost of goods manufactured	651,450,073	394,213,551	1,074,237,082	742,856,567
Opening finished goods	75,241,984	51,349,423	60,944,658	33,360,733
Cost of finished goods purchased during the period	-	3,716,299	17,618,650	3,716,299
Closing finished goods	(91,569,079)	(63,467,879)	(91,569,079)	(63,467,879)
	<u>635,122,979</u>	<u>385,811,394</u>	<u>1,061,231,311</u>	<u>716,465,720</u>

SAZGAR ENGINEERING WORKS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010

			Jul-Dec 2010 Rupees	Jul-Dec 2009 Rupees
10- TAXATION	Note			
Current				
For the period			24,093,682	16,099,293
For the prior period	10.1		2,277,883	3,515,046
Deferred				
For the period			118,158	641,462
			26,489,722	20,255,801

10.1 This amount relates to the tax year 2010.

		Oct-Dec 2010	Oct-Dec 2009	Jul-Dec 2010	Jul-Dec 2009
11- EARNINGS PER SHARE BASIC AND DILUTED					
Basic earnings per share					
Net profit for the period attributable to ordinary share holders	Rupees	24,738,277	9,486,431	41,485,326	25,825,958
Number of ordinary shares outstanding at the end of the period - Note 11.1	Number	14,976,973	14,976,973	14,976,973	14,976,973
Earnings per share	Rupees	1.65	0.63	2.77	1.72

11.1- Number of ordinary shares outstanding at the close of corresponding periods presented have been increased to reflect the bonus shares issued during the current periods ended December 31, 2010.

Diluted earnings per share

There is no dilution effect on the basic earnings per share of the company as the company has no such commitments.

12- TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise directors and key management personnel only.

The aggregate amount charged in these accounts for the half year for remuneration, including certain benefits to the Chief Executive, Directors and Executives of the Company is as follows:

SAZGAR ENGINEERING WORKS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010

(Rupees)

	Chief Executive		Directors		Executives		Total	
	July-Dec 2010	July-Dec 2009	July-Dec 2010	July-Dec 2009	July-Dec 2010	July-Dec 2009	July-Dec 2010	July-Dec 2009
Managerial Remuneration	2,563,636	2,563,636	2,454,545	2,181,818	5,117,509	4,131,818	10,135,691	8,877,273
Medical allowance	256,364	256,364	245,455	218,182	511,751	413,182	1,013,569	887,727
Bonus & leave encashment	-	-	-	-	883,951	1,084,575	883,951	1,084,575
	2,820,000	2,820,000	2,700,000	2,400,000	6,513,211	5,629,575	12,033,211	10,849,575
Number of persons	1	1	3	2	5	4	9	7

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

	Oct-Dec 2010 Rupees	Oct-Dec 2009 Rupees	Jul-Dec 2010 Rupees	Jul-Dec 2009 Rupees
13- SEGMENT RESULTS				
Segment Revenue(Net)				
Home appliances	4,080,855	2,094,545	4,540,567	4,910,256
Auto parts	109,486,327	127,662,411	200,746,594	222,705,981
Auto rickshaw	599,175,734	303,970,639	984,831,493	582,776,747
Total	<u>712,742,916</u>	<u>433,727,595</u>	<u>1,190,118,654</u>	<u>810,392,984</u>
Segment operating results				
Home appliances	107,766	37,403	168,731	549,986
Auto parts	6,569,179	8,410,530	11,619,448	20,599,704
Auto rickshaw	41,723,078	17,425,980	69,138,542	34,645,262
Total	<u>48,400,023</u>	<u>25,873,913</u>	<u>80,926,721</u>	<u>55,794,952</u>

14- SUBSEQUENT EVENTS


The Board of Directors in their meeting held on February 22, 2011 has declared interim cash dividend of Rupees 1.00 per ordinary share i.e, 10% (2009: Nil) of current paid up 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.

15- GENERAL

15.1-The Board of Directors of the Company has authorized these condensed interim financial statements for issue on February 22, 2011.

15.2-The excess production of Auto-Rickshaw over normal capacity is due to working on over time schedule to meet increased demand.

15.3-The figures have been rounded off to the nearest Rupee.


MIAN ASAD HAMEED
 CHIEF EXECUTIVE


SAEED IQBAL KHAN
 DIRECTOR