

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED DECEMBER 31, 2009

1. INTRODUCTION

- 1.1** Siddiqsons Tin Plate Limited (the Company) was incorporated in Pakistan on January 29, 1996 as public company limited by shares under the Companies Ordinance 1984. The shares of the Company are listed at Karachi Stock Exchange. The registered office of the Company is situated at D-53, Textile Avenue, S.I.T.E, Karachi in the province of Sindh and the manufacturing plant is located at Winder Industrial Estate in the province of Baluchistan. The principal activity of the company is manufacturing and sale of tin plates and other steel products.
- 1.2** The interim financial information are presented in Pak Rupee which is the company's functional and presentation currency.
- 1.3** These interim financial information have been prepared under historical cost convention, except certain financial assets and financial liabilities which are stated at fair value.
- 1.4** These interim financial information has been presented in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and are unaudited but subject to limited scope review by external auditors of the company in accordance with the requirement of clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and also presented in accordance with the listing Regulation of Karachi Stock Exchange.
- 1.5** The accounting policies and methods of computation followed in the preparation of the six month interim financial information are the same as those of the published annual audited financial statements for the year ended June 30, 2009. These condensed interim financial information do not include all of the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements of the company for the year ended June 30, 2009.

In the current period, the Company has adopted following Standards issued by the IASB and notified by the Securities and Exchange Commission of Pakistan which are relevant to its operations and effective for Company's accounting period beginning on July 01, 2009.

Effective for accounting period beginning on or after

- | | |
|--|------------------|
| - IAS 1 (revised) - Presentation of Financial Statements | January 01, 2009 |
| - IFRS 8 Operating Segments | January 01, 2009 |

The adoption of above standards has not materially affected the computation of the result except certain increased disclosures including the statement of other comprehensive income and disclosure of two comparative periods in condensed interim balance sheet, which has been reflected in the Company's condensed interim financial information.

- 1.6** The Company has restated certain prior period information in accordance with the requirements of IAS-8 "Accounting policies, change in accounting estimates and errors". The resulting adjustments have been shown in note 5.1.

S I D D I Q S O N S T I N P L A T E L I M I T E D

2. ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

During the period following additions and disposals were made: -

	December 31, 2009		December 31, 2008	
	Additions	Disposals (W.D.V)	Additions	Disposals (W.D.V)
(Rupees).....			
Operating fixed assets				
Building on leasehold land	75,844	-	-	-
Plant and machinery	15,533,744	-	-	-
Factory equipment	172,754	-	-	-
Office equipment	71,900	-	-	-
Data processing equipment	97,277	-	66,400	-
Furniture and fixtures	637,165	-	147,000	-
Vehicles	6,697,245	(487,348)	-	-
	<u>23,285,929</u>	<u>(487,348)</u>	<u>213,400</u>	<u>-</u>
Capital work in progress				
Machinery and equipment	35,606,452	-	-	(79,856)
Advance for capital expenditure	1,314,837	-	500,000	-
	<u>36,921,289</u>	<u>-</u>	<u>500,000</u>	<u>(79,856)</u>

**Unaudited
December 31,
2009**
.....(Rupees).....

**Audited
June 30,
2009**

3. STOCK-IN-TRADE

Raw materials (including in transit Rs.409,663,782/- (June 2009 : Rs.216,494,466/-))	528,626,800	1,071,026,639
Finished goods	<u>606,732,279</u>	<u>684,791,847</u>
	<u>1,135,359,079</u>	<u>1,755,818,486</u>

4. OTHER FINANCIAL ASSETS

Investments

Fair value through profit and loss- held for trading

In quoted companies
Ordinary shares of Rs.10/- each

	Audited June 30 2009	Unaudited December 31 2009		Market Value	
				Unaudited December 31 2009	Audited June 30, 2009
	-----No. of Shares-----		(Rupees).....	
1,125,600	1,086,540		National Bank of Pakistan	80,805,980	75,448,979
1,161,000	1,161,000		Fauji Fertilizer Bin Qasim Limited	30,336,930	20,538,090
410,500	410,500		Pakistan Telecommunication Company Limited	7,245,325	7,077,020
776,666	776,666		Arif Habib Bank Limited	5,203,662	5,428,895
24,000	24,000		Habib Bank Limited	2,962,560	2,065,440
35,000	35,000		Artistic Denim Mills Limited	1,031,100	786,100
40,900	40,900		Century Paper & Board Mills Limited	541,516	539,471
100,000	100,000		JS Bank Limited	508,000	603,000
				<u>128,635,073</u>	<u>112,486,995</u>

**Unaudited
December 31,
2009**
.....(Rupees).....

**Audited
June 30,
2009**

5. DEFERRED LIABILITY

Deferred taxation	Note 5.1	<u>139,006,000</u>	<u>133,976,127</u>
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5.1 The income of the company was exempt from tax up to June 2009 under clause 126 of second schedule of the Income Tax Ordinance 2001. No deferred tax was recognized arising on accelerated tax depreciation due to tax holiday period. From July 2009 the income of the company is taxable under normal tax regime, therefore the provision for current and deferred tax has been recognized during the period and the comparative financial information has been restated accordingly with the effect of prior period deferred taxation.

5.1.1 The effect of retrospective restatement on profit and loss account for the quarter and six months ended December 31, 2008 is given below:

 Six Months Three Months	
	December 31, 2008	December 31, 2008	December 31, 2008	December 31, 2008
.....(Rupees).....				
	(July - December)		(October - December)	
	As earlier reported	Restated Amount	As earlier reported	Restated Amount
Loss after taxation for the period	(78,833,497)	(81,792,487)	(117,149,740)	(118,630,549)
Deferred tax charge for the period	-	2,958,990	-	1,480,809
Earnings per share				
- Basic & diluted (Rupees)	(1.00)	(1.04)	(1.49)	(1.51)

5.1.2 The effect of retrospective restatement on Balance sheet for 2009 and 2008 is given below:

	June 30, 2009	June 30, 2009	June 30, 2008	June 30, 2008
	Rupees As earlier reported	Rupees Restated Amount	Rupees As earlier reported	Rupees Restated Amount
Net deferred tax liability	-	133,976,127	-	139,005,354
Unappropriated profit	646,102,134	512,126,007	888,735,711	749,730,357

5.1.2 The effect of retrospective restatement on Balance sheet for 2009 and 2008 is given below:

	As Earlier Reported	Restated Amount
.....(Rupees).....		
Unappropriated profit		
June 30, 2009	646,102,134	512,126,007
December 31, 2008	692,122,024	550,157,680
June 30, 2008	888,735,711	749,730,357

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no material change in the status of contingencies as disclosed in the published annual audited financial statements for the year ended June 30, 2009.

6.2 Commitments

	Unaudited December 31, 2009	Audited June 30, 2009
.....(Rupees).....		
Letters of credit for raw material imports	642,938,530	108,129,000

S I D D I Q S O N S T I N P L A T E L I M I T E D

 Six Months Three Months	
	December 31, 2009 (July - December)	December 31, 2008	December 31, 2009 (October - December)	December 31, 2008
7. COST OF GOODS SOLD(Rupees).....			
Cost of goods manufactured	1,405,201,953	1,237,942,104	425,821,003	529,365,074
Finished stocks				
Opening stock	684,791,847	467,956,962	870,742,536	611,366,386
Purchase of finished goods	-	84,835,943	-	84,835,943
Closing Stock	(606,732,279)	(912,717,856)	(606,732,279)	(912,717,856)
	<u>78,059,568</u>	<u>(359,924,951)</u>	<u>264,010,257</u>	<u>(216,515,527)</u>
	<u>1,483,261,521</u>	<u>878,017,153</u>	<u>689,831,260</u>	<u>312,849,547</u>
7.1 Cost of goods manufactured				
Raw material	1,291,648,182	1,138,033,963	374,856,263	480,445,352
Salaries, wages and benefits	31,477,099	25,314,420	15,504,547	12,513,566
Stores and spares	4,988,044	1,632,378	3,242,670	282,747
Packing material	4,374,220	6,506,296	2,292,001	2,903,092
Power and fuel	34,530,660	39,598,865	10,067,795	19,923,212
Insurance	2,301,384	1,347,263	1,632,369	720,593
Repairs and maintenance	2,198,097	423,606	1,338,449	229,128
Rent, rates and taxes	196,350	28,200	-	-
Vehicles running and maintenance	705,765	680,737	705,765	-
Communication	128,124	109,442	75,299	63,392
Traveling and conveyance	3,114,806	1,217,051	2,114,920	990,593
Entertainment	45,460	54,408	18,072	33,668
Depreciation	18,808,502	19,441,078	9,538,707	9,730,540
Fabrication and printing charges	3,853,683	-	1,810,030	-
Other manufacturing overheads	6,831,577	3,554,397	2,624,116	1,529,191
	<u>1,405,201,953</u>	<u>1,237,942,104</u>	<u>425,821,003</u>	<u>529,365,074</u>

8. It includes gain on remeasurement of investment at market value amounting Rs.18.77 million (Dec 2008 : Loss Rs.134.38 million).

9. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The significant transactions with related parties are as follows: -

Relationship with the Company	Nature of Transactions Six Months	
		December 31, 2009 (July - December)	December 31, 2008
	(Rupees).....	
Associated Company	Purchase of goods & services	41,070	105,707,949
	Purchase of property, plant and equipment	3,735,975	-
	Payment of dividend	8,878,369	7,596,775
Key management personnel	Short-term employee benefits	8,205,400	7,503,610
	Post-employment benefits	422,965	349,958
Others	Loan from WPPF Trust - Net	130,000,000	49,400,000

10. DATE OF AUTHORIZATION FOR ISSUE

These interim financial information have been approved and authorized for issue by the Board of Directors of the Company on February 20, 2010.


CHIEF EXECUTIVE OFFICER


DIRECTOR